United Nations A/66/185

General Assembly

Distr.: General
25 July 2011

Original: English

Sixty-sixth session
Item 17 (a) of the provisional agenda*
Macroeconomic policy questions

International trade and development

Report of the Secretary-General

Summary

The multilateral trading system is facing major uncertainties regarding the prospect of the closing of the Doha Round of trade negotiations, which comes on top of a series of changes in the structure and direction of international trade. The growth of trade in intermediate goods, linked to the spread of international production, has been accelerating in recent years and often includes a strong regional component. Along with the proliferation of regional trade agreements, the drive towards regionalism will be a major focus of the trade policy agenda over the coming years. Favourable economic realities have also contributed to increased South-South trade, along with increased South-South cooperation. Properly harnessed, this too can contribute to inclusive and sustainable development. Still, the multilateral trading system needs to be reinvigorated and the Doha Round concluded with a strong development dimension. An early least developed country package could be the first step in this direction. However, greater coherence needs to be built throughout the different layers and components of the international trading system — multilateral, regional, bilateral and unilateral — if trade is to contribute to more inclusive development paths. The thirteenth session of the United Nations Conference on Trade and Development, scheduled in April 2012 in Doha, will mobilize international efforts towards a development-centred globalization, which contributes to inclusive and sustainable growth and development.

* A/66/150.

11-43133 (E) 120811

Please recycle

I. Introduction

1. The present report has been prepared pursuant to General Assembly resolution 65/142, in which the Secretary-General was requested to submit, in collaboration with the secretariat of the United Nations Conference on Trade and Development (UNCTAD), to the Assembly at its sixty-sixth session a report on developments in the multilateral trading system.

II. Trends in international trade and development

A. Near-term developments

2. Following a sharp contraction in 2009, world merchandise exports recorded their largest ever annual expansion of 14 per cent in volume (22 per cent in value) in 2010. The speed of expansion was faster in developing countries for both exports and imports (16.7 and 18.9 per cent, respectively) than in developed countries (12.6 and 10.2 per cent), suggesting not only developing countries' strong export drive but also vibrant import demand thanks to robust recoveries in many regions. This was particularly true in Asia, where trade takes place through international production networks. In 2010, world total services exports expanded 8 per cent, but their value was still below the pre-crisis 2008 level.

3. Trade performance has been conditioned by underlying economic developments. The world economy grew 3.9 per cent in 2010, after a contraction of 2.0 per cent in 2009, and is estimated to decelerate this year to 3.3 per cent. Developing countries continued to fuel the global recovery in 2010, with their collective gross domestic product (GDP) growth reaching 7.5 per cent. High and volatile commodity prices, fragility in financial markets and sovereign debt crises, and pervasive unemployment continue to influence the recovery. Given these persistent threats, along with the deceleration of output growth this year, export expansion is expected to slow, highlighting the persistent vulnerabilities of a trading system in an interdependent world economy.

4. Rising commodity prices in 2010 boosted the nominal value of commodity exports but posed challenges for food security and macroeconomic stability. The all-food price index surpassed its historic peak early in 2011. Prices of oil also surged following instabilities in some oil-exporting countries, putting additional strains on growth prospects for many countries. Such high price volatility largely reflects negative supply shocks (e.g. weather conditions) but the price effect is believed to have been magnified by speculation in financialized commodity markets (see A/66/207). While higher prices are positive for net exporters, since many developing countries, particularly the least developed countries, are net importers of food and energy, higher prices are likely to have negative effects on poverty reduction; the recent price hikes could push more than 60 million people into poverty in Asia alone.[1]

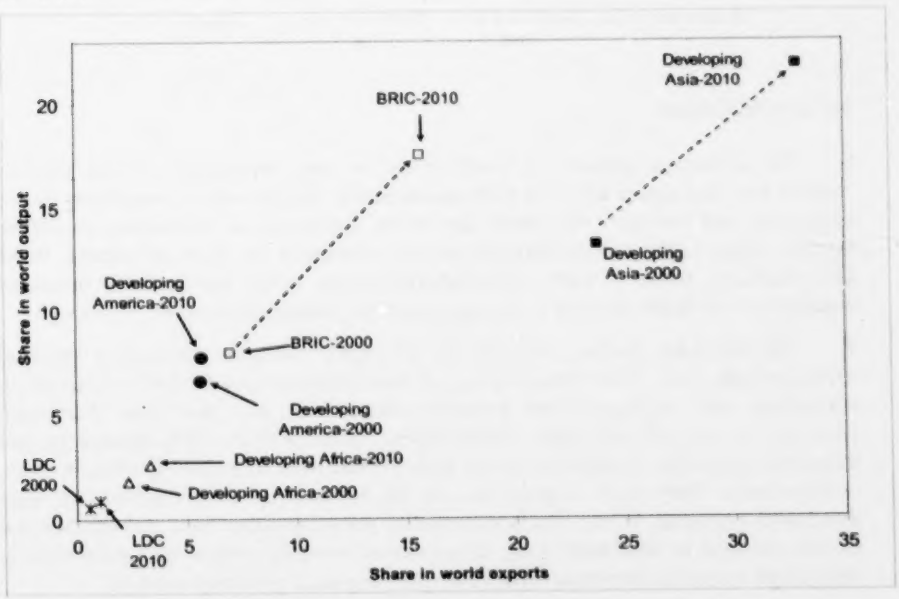
[1] Department of Economic and Social Affairs, "World economic situation and prospects 2011, update as of mid-2011". Available from www.un.org/en/development/desa/policy/wesp/wesp_current/2011wespupdate.pdf.

B. Changing international trade landscape

5. Over the previous decade trade grew persistently faster than GDP (except in 2009), resulting in an increased exports-to-GDP ratio; in developing countries the average figure rose from 29.5 per cent to 36.0 per cent by 2008. The share of developing countries in world merchandise exports expanded from 24 per cent to 42 per cent in the previous two decades, and from 17 per cent to 32 per cent in world output, pointing to the possible future income convergence (see figure I). Consequently, the importance of external markets and the contribution of exports to output growth increased significantly. While total exports have grown rapidly, this growth has not led to a proportionate increase in domestic value added. This arises partly because increased fragmentation of production implies that exports require a significant amount of imported intermediate inputs.

6. The strong growth in Asian countries and several other emerging economies (e.g. the BRIC countries, Brazil, Russian Federation, India and China), has created new trading opportunities, particularly for other developing countries. Developing countries' share in world imports increased from 22 per cent in 2000 to 39 per cent in 2009, contributing 47 per cent to world import growth. The high import content of Asian exports has benefited other developing countries integrated into the global supply chain. South-South exports now account for 53 per cent of total developing countries' exports, up from 43 per cent in 2000. South-South trade in services is estimated to be 10 per cent of global trade.

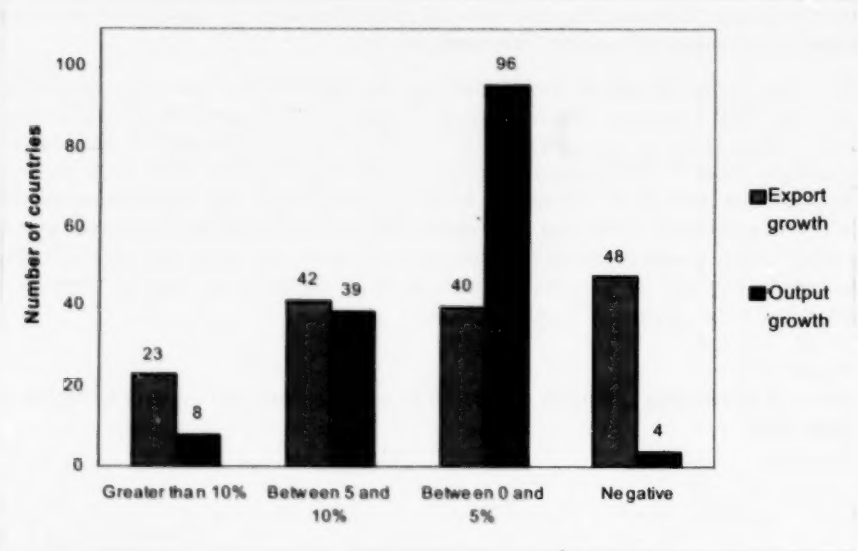
Figure I
Share of developing countries and BRIC in world output and exports by region, 2000-2010
(Percentage)



Source: UNCTADstat.

7. While 23 developing countries experienced real annual export growth rates of more than 10 per cent between 2000 and 2010, close to one third (48 countries) experienced export contractions (see figure II). This serves as a reminder that income convergence is not an automatic consequence of a more open global economy, and that polarization remain a challenge for policymakers, at the national and international levels.

Figure II
Distribution of developing countries by growth in annual average real merchandise exports and output, 2000-2010

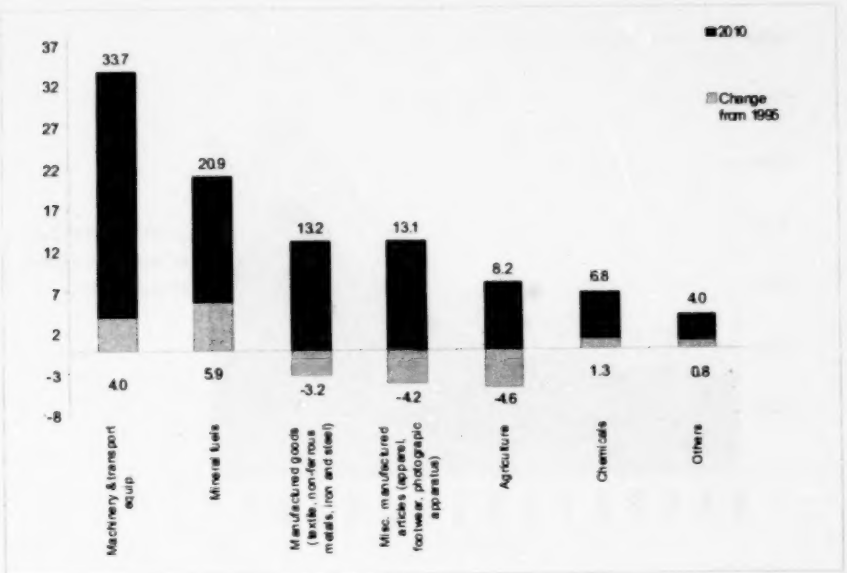


Source: UNCTADstat.

8. The changing pattern of world trade is also observable in its product composition (see figure III). The disproportionately fast growth in intensively traded machinery and transport equipment drove the expansion of developing countries' exports, while higher commodity prices have increased the share of mineral fuels. The declining share of light manufactured goods arises partly from increased competition, with the entry of low-wage countries putting pressure on prices.

9. The differing product composition of regions suggests increasing regional specialization, with Asia concentrating in manufactured goods, Latin America in agriculture and resource-based products and Africa and the least developed countries in minerals and other commodities. From 1995 to 2009, machinery and transport equipment contributed more than 40 per cent to export growth in Asia, while mineral fuels were responsible for 60 per cent of export growth in least developed countries. While recent commodity price increases have helped increase export earnings in the latter group of countries, worries remain that their weakly diversified economic structures could hamper long-term growth prospects.

Figure III
Product composition of developing countries' exports, 2010
(Percentage)

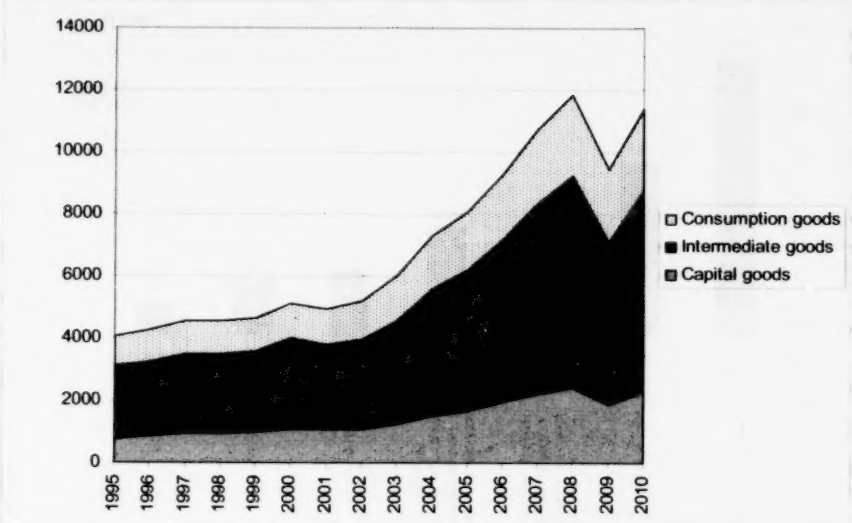


Source: UNCTADstat.

10. The shifting direction and dynamism of world trade, particularly along its South-South axis, has been closely linked to the increased fragmentation of production in the global supply chain (see UNCTAD reports TD/B/57/3 and TD/B/C.I/16). Falling transport and trade costs, including tariffs, expanding business and infrastructure services, and buoyant foreign direct investment flows to developing countries (43 per cent of global foreign direct investment inflows) contributed to the development of global production networks.[2] International trade in intermediate goods has been dynamic, and expanded from $2 trillion in 1995 to almost $7 trillion in 2008 to represent 48 per cent of non-fuel merchandise trade (see figure IV and box 1). This trade encourages the specialization of different economies in different processing activities, leading to "trade in tasks" that adds value along the global supply chain. Countries specialized in labour-intensive activities, however, may be locked into low value adding activities, so that domestic value retention is limited despite increased export volume. For instance, to increase competitive edge and profitability, companies relying on innovative technologies are increasingly using a "closed supply chain" among suppliers specializing in components unique to the final products and wherein profit margins are larger. National productive capabilities, human capital and technological sophistication thus matter for countries that seek to effectively benefit from the global supply chain and upgrade their value-chain ladders.

[2] *World Investment Report 2011: Non-Equity Modes of International Production and Development* (United Nations publication, Sales No. E.11.II.D.2).

Figure IV
Non-fuel world trade, 1995-2010
(Billions of United States dollars)



Source: UNCTAD.

Box 1
Global supply chain and the measurement of trade

The growing global supply chain has exposed a measurement issue in international trade statistics. Unlike national income statistics, trade statistics measures the value of trade in terms of the gross value of a product, rather than value added. Increased production in trade-intensive global supply chain has inflated the value of international trade, because parts cross borders several times and are counted each time. For instance, although Apple is a company based in the United States of America and the value added to the production of the iPod by China (where final assembly is done) is small, with the bulk of profits retained by Apple and accruing to the United States (e.g. retailers), every $300 iPod sold in the United States increases its trade deficit with China by $150 (i.e. factory cost). If measured in value added terms, China has an estimated bilateral trade surplus with the United States that is 40 per cent smaller.*

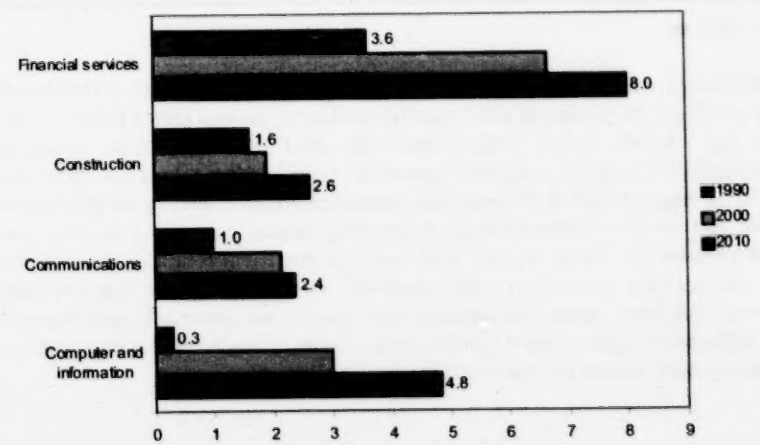
* Greg Linden, Kenneth Kraemer and Jason Dedrick, "Who captures value in a global innovation network?: the case of Apple's iPod", *Communications of the ACM*, vol. 52, No. 3 (March 2009).

11. The small share of agriculture (under 10 per cent) in developing countries' exports understates its importance for some countries as well as the sector's wider development potential. Many developing countries remain dependent on the rural

economy for employment generation, income and export earnings. Agriculture accounts on average for 52 per cent of employment in developing countries, while the countries' share in world agricultural exports increased from 31 per cent in 2000 to 36 per cent in 2009, driven by competitive Latin American exporters. Some countries (e.g. Brazil) have been able to diversify and upgrade their agricultural activities to achieve faster growth. Several high-value products have exhibited strong export dynamism (e.g. horticulture and processed food). However, increased specialization has turned many developing countries, even those with predominantly agrarian economies, into net importers of staple foods. This has made food security a pressing issue, particularly with regard to the unpredictability of supply associated with export restriction, resulting in the recent G-20 decision to remove export restrictions on food purchased for humanitarian aid.

12. The services sector, particularly infrastructure services, is not important only in its own right but can help improve efficiency and competitiveness in all sectors of the economy (see TD/B/C.I/MEM.3/8). Services represent 15 per cent of total exports of goods and services for developing countries and 51 per cent of their national output. These percentages are lower than the world average (20 per cent and 67 per cent), indicating the generally lower level of structural transformation in developing countries. However, developing countries are gaining market share. From 2000 to 2010, their share in world services exports rose from 23 per cent to 30 per cent, with many gains originating in Asia — particularly with regard to travel and business services in China and computer and information services in India. Travel and transportation are the two dominant subsectors, representing one fourth and one fifth of services exports in 2010. They are losing ground in favour of modern exportable business services that exhibit strong economies of scale and externalities and absorb highly skilled labour (see figure V). Services provide a realistic opportunity for structural transformation, especially for those countries without comparative advantage in manufactures.

Figure V
Shares of selected services subcategories in world services trade, 1990-2010
(Percentage)



Source: UNCTADstat.

13. The issue of migration with regard to trade and development has emerged as a major challenge. Increased labour mobility and movement of services providers have created increased workers' remittance flows which contribute to poverty reduction. The number of global migrants reached 215 million in 2010, or 3 per cent of the world population. World remittance flows were $442 billion in 2010, of which two thirds went to developing countries and 6 per cent to the least developed countries (see table 1). Remittances are an important source of external financing, accounting for 1.5 per cent of GDP for developing countries as a whole (1.2 per cent in 2000) and 5.2 per cent for the least developed countries. Although the long-term development impact of remittances is still not well understood, the impact can be strengthened by channelling remittances into productive sectors, including financial sector development and education.[3]

14. To increase remittance flows, measures affecting temporary migration need to be addressed at all levels, including at the Doha Round services negotiations on Mode 4 of the General Agreement on Trade in Services. Policy coherence and integrated approaches are important. There is a need to further strengthen and improve cooperation and coordination nationally and internationally — including among origin, transit and destination countries — and also to share experiences.

Table 1
Remittances as a share of GDP and of world total remittances, 2010
(Percentage)

	Share in GDP	*Share in world total*
Developed economies	0.3	25.9
Transition economies	1.5	6.8
Developing economies	1.5	67.2
Africa	2.5	9.0
Latin America	1.2	13.5
Asia	1.5	44.3
Least developed countries	5.2	5.9

Source: UNCTADstat.

15. Transforming trade dynamism into greater income opportunities through job creation is a critical development challenge for inclusive growth (see TD/B/C.I/15). The crisis has already left a large worldwide pool of unemployed, totalling 205 million in 2010. Evidence suggests that while trade openness does not affect the overall level of employment in the long run, liberalization can lead to net job losses in the short run, as job destruction in contracting import-competing sectors can outpace job creation in export sectors. Although the empirical relationship between trade and employment warrants further research, this suggests that transforming potential trade efficiency gains into employment gains is not automatic and requires proactive and careful government intervention. Such a trade-employment nexus needs to be critically accounted for in the international trading system

[3] See TD/B/C.I/EM.4/2 and Devesh Kapur, "Remittances: the new development mantra?", *G-24 Discussion Paper Series*. Available from www.unctad.org/en/docs/gdsmdpbg2420045_en.pdf.

III. Developments in the multilateral trading system

16. The changes outlined above are part of a broader transformation of the international trading system. That transformation is towards fragmented production, multi-polarization, and regionalization, with integration proceeding at different speeds for different countries. Manifestations of the transformation include the current stalemate in the Doha Round negotiations, increased difficulties facing multilateralism and the increasing regional initiatives that complement and compete with the multilateral processes (see TD/B/58/3).

A. Overview

17. The Doha Round was launched in 2001 and scheduled to conclude by the end of 2004. Continued disagreement over agriculture has delayed overall progress. Efforts intensified in 2011 to finalize the round by December. However, the absence of significant progress on key outstanding issues led to a serious blockage in April. One major issue was deeper sectoral liberalization in non-agriculture market access negotiations. While participation in sectorals was deemed "voluntary", some developed countries had sought to secure the participation of larger developing countries in two of the three key sectors — chemicals, industrial machinery and electronics — to achieve deeper liberalization, including tariff elimination, in these economies than would result from applying the general tariff-cutting formula. Developing countries found such a demand imbalanced because, under the general tariff-cutting formula, they would already be cutting bound tariffs in proportionately greater amounts than developed countries. Sectoral liberalization was found to be particularly sensitive owing to its labour market implications. Other sectors include enhanced health care, forest products, raw materials and gems and jewellery. Other areas were also controversial, including the issue of stronger commitments by developing countries in Mode 3 of the General Agreement on Trade in Services to bind existing levels of openness (e.g. foreign equity limitations), Mode 4 commitments by developed countries and the special agricultural safeguard mechanism.

18. The three-speed approach — fast, medium and slow lanes — suggested by the Director-General of the World Trade Organization (WTO) in May 2011 as a way forward consisted of seeking partial agreement while preserving a single-undertaking principle. Issues involving the least developed countries — duty-free and quota-free market access, associated rules of origin, a most-favoured-nation waiver to cover possible preferential services market access and cotton — would be targeted for early harvest by the Eighth WTO Ministerial Conference in December 2011. "Least developed country-plus" (LDC-plus) issues would be discussed in the "medium track", which would also include trade facilitation, agricultural export competition, a special and differential treatment monitoring mechanism, fisheries subsidies and environmental goods and services to strike an overall balance and address the concerns of major trading partners (e.g. the United States). Negotiations on agriculture, non-agriculture market access and services, as well as issues related to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), were proposed to be deferred to 2012.

19. The effective delivery of an early harvest in December 2011 is critical for the subsequent negotiations in 2012. There is concern that prolonged negotiations have

already affected the credibility of the multilateral trading system and made some negotiating issues less relevant to today's economic realities. Developing countries stress, as part of the original Doha Development Agenda, the need to deliver on outstanding issues from the Uruguay Round, while some developed countries (e.g. those in the European Union) call for addressing new issues such as investment, competition policy, government procurement, export taxes and climate change. There is need to move expeditiously to address new "twenty-first century issues" to preserve the relevance of the multilateral trading system to changing economic realities. Trade liberalization and agreements need to contribute positively to addressing broader development challenges, including poverty reduction, employment, productive capacity, sustained and inclusive growth, food and energy security, public health and access to water. Strong leadership is required, including from emerging countries, to reinvigorate the multilateral trading system architecture.

20. The robustness of the rule-based multilateral trading system against protectionism was reaffirmed during the economic crisis. Import-restrictive measures introduced between October 2008 and April 2011 are estimated to cover at most 2.70 per cent of world imports and incur a limited effect — 0.25 per cent by border measures and 0.75 per cent by bailout measures. Aggressive protectionism was contained, thanks essentially to countries' adherence to WTO rules and commitments and strong restraint exercised by many developing countries. WTO was catalytic in mobilizing efforts to address trade-finance shortage (used in 80-90 per cent of trade) and Aid for Trade support for productive capacity, trade-related infrastructure, competitiveness and adjustment. Despite some increase in financial resources (60 per cent from 2005 to 2010), major challenges remain regarding ensuring additionality of resources and enhancing effectiveness and development results, as noted in the Third Global Review of Aid for Trade in July. In 2011, WTO reported signs of accelerating post-crisis protectionism, with an increased recourse to higher tariffs and non-automatic import licensing and export restrictions, against the backdrop of decelerating growth and high unemployment.[4]

B. Welfare effect of the Doha Round

21. The failure to conclude the Doha Round can be seen as a missed opportunity. The latest UNCTAD analysis of the possible trade and welfare impact of a Doha Round outcome in goods finds that global gains from further liberalization are positive although modest, at around an estimated $70 billion annually (see table 2). The magnitude of gains has been corroborated by other recent studies. Welfare effects of model-based analysis depend, of course, on model specifications, underlying data and simulation scenarios. Earlier studies, such as by the World Bank in 2003, found global welfare gains up to $358 billion but were subsequently revised significantly downwards, pointing to the need for caution in interpreting model results. Even such large gains represent only a fraction of GDP. This suggests the importance of domestic complementary policies to enhance endogenous productive capacities and employment opportunities to increase the benefits of trade liberalization.

[4] WTO, "Report to the Trade Policy Review Body from the Director General on trade-related developments". Available from www.docsonline.wto.org.

Table 2
Potential annual welfare and trade impacts of Doha outcome

	Doha		*Doha with sectorals*	
	Welfare[a]	*Exports*[b]	*Welfare*[a]	*Exports*[b]
European Union	5 643	0.16	1 360	0.21
United States	-351	1.48	-2 127	2.21
Japan	6 432	1.94	9 543	3.08
Other developed countries	11 142	2.25	16 023	3.86
Cairns group exporters	1 858	0.59	1 831	0.84
China	17 715	3.58	25 600	7.34
India	4 089	3.55	5 341	8.88
Indonesia	1 216	1.55	1 107	1.74
Brazil	1 320	1.01	1 808	1.84
Mexico	-1 322	-0.53	-2 543	-0.95
South-East Asia	6 413	1.90	6 569	1.83
South Asia	2 040	3.94	1 821	3.66
Eastern Europe and West Asia	8 614	0.86	6 455	0.60
Central America	1 634	1.83	1 244	1.57
Latin America, excluding Brazil	345	0.29	41	0.15
North Africa and Middle East	1 296	1.57	1 222	1.41
South Africa	178	0.60	35	0.48
Sub-Saharan Africa	2 195	1.64	2 036	1.40
Total	**70 457**	**1.09**	**77 367**	**1.73**

Source: UNCTAD (GTAP database).
[a] Millions of United States dollars.
[b] Percentage.

22. The welfare gains are not equally shared among participants. The European Union and Japan have high protection in agriculture (e.g. sugar, meat, rice); reducing that increases efficiency and benefits consumers, taxpayers and foreign suppliers. Similar gains also arise from tariff reductions for apparel and motor vehicles in the industrial sector. Gains for most developing countries are estimated to be smaller. Negative terms of trade effects may overwhelm other gains and lead to negative overall effects. This is the case for Mexico and the United States of America. The risk of losses also exists for sub-Saharan African countries, although as a group their welfare effects are positive in this simulation. Such losses could arise from preference erosion and rising food import prices. Indeed, several studies find negative welfare effects for them.[5]

[5] Sandra Polaski, "Winners and losers: impact of the Doha Round on developing countries". Available from www.carnegieendowment.org/files/winners.losers.final2.pdf.

23. Sectoral elimination in chemicals, industrial machinery and electronics in developed countries and Brazil, China and India could raise the global welfare gains to $77 billion. Exports and imports in these regions would increase more than in the basic scenario. Some regions (e.g. South Africa and Latin America) are estimated to be worse off compared to the baseline scenario. Although the participating developing countries gain in welfare terms, production and employment in the sectors concerned are negatively affected compared to the baseline, with implications for their industrial development and employment objectives. The estimates underscore the importance of voluntary participation in the sectorals as provided in the declaration made at the 2005 Sixth WTO Ministerial Conference in Hong Kong, China.

24. Services trade liberalization could also yield gains for both developed and developing countries. A potential reduction of 10 per cent of the trade barriers could lead to an increase of 2.7 per cent of services exports.[6] The estimated global GDP impact is about $46 billion. Both European Union and United States exports would increase by $10 billion. The multilateral temporary work visa scheme (quota for skilled and unskilled developing country workers at 3 per cent of the developed-country labour force) is estimated to generate $200 billion globally.[7] A reduction of 1 per cent in trade transaction costs is estimated to generate $43 billion in welfare gains worldwide, of which 65 per cent would accrue to countries not part of the Organization for Economic Cooperation and Development.

C. Doha Round challenges

25. The current stalemate has resuscitated debate over the causes of the setbacks and the future of the Round. Structural changes in the international trade landscape have significantly affected negotiating dynamics, while global crises have overtaken policymakers' attention and raised the political challenge of justifying concessions. The crises have also changed economic thinking in favour of stronger regulations of market and a more proactive and pragmatic intervention by States. Systemic issues of the multilateral trading system also influenced the course of negotiations.

26. Non-agriculture market access negotiations sectoral liberalization was an immediate cause of the stalemate. The objective of sectorals would be to rebalance the disparity in the contribution between developed and emerging countries and to achieve harmonization of their tariffs. Industrial tariff negotiations had attracted increased attention from developed countries as high agricultural commodity prices made tariffs and subsidies less relevant in agriculture, while services liberalization proved to be complex and without immediate prospects for a commercially meaningful outcome. The increased attention given to exporters' interest in developed countries may be seen as an attempt to win overall domestic political support for the Doha Round package in order to overcome "resistance" from import-competing domestic interests. Addressing exporters' interests today requires deep liberalization which is essential for modern trade-intensive production in a global supply chain wherein a small tariff can disproportionately increase production cost — hence the call for sectoral liberalization. Non-tariff barriers — increasingly important given substantial reduction in tariffs — have not been sufficiently addressed.

---

[6] Peterson Institute, "Figuring out the Doha Round". Available from www.wto.org/english/res_e/reser_e/dialogue_paper_schott_e.pdf.

[7] Dani Rodrik, "Feasible globalizations". Available from www.hks.harvard.edu/fs/drodrik/Research%20papers/Feasglob.pdf.

27. This was contested by developing countries as contradictory to the agreed-upon principles of voluntary participation in such initiatives and less-than-full reciprocity for developing countries. While large "tariff water" in developing countries — the difference between bound and applied rates — had drawn attention to effective cuts in applied tariffs, developing countries pointed to their past autonomous liberalization efforts, which had created such water. Between 1990 and 2010, average most-favoured-nation-applied tariffs decreased from 32.5 to 8.2 per cent for developing countries. This highlights the importance of tariff flexibilities as industrial policy instruments. Sectoral liberalization was also seen as sensitive to developing countries' post-crisis development objectives of building endogenous productive capacity and employment opportunities. The increased economic weight of developing countries — home to over half of global growth in the coming years — allowed them to take an assertive position.

28. The increased number and diversity of members in WTO has increased the complexity of negotiations and trade-offs. Starting from 23 members in 1947, General Agreement on Tariffs and Trade/World Trade Organization membership has increased to 154. A broad-based negotiating agenda in a single undertaking was required to reconcile diverse interests among many participants by allowing cross-sectoral trade-offs. The large agenda, however, appeared to overload negotiators, and resulted in diluting attention from core issues (e.g. the built-in agenda from the Uruguay Round of agriculture and services and development issues). Ensuring transparency and inclusiveness among numerous participants became increasingly challenging (see box 2). Trade-offs between different issues proved to be difficult, as they necessitated a minimum convergence of positions. The single-undertaking approach, together with the consensus rule, was seen as amenable to exceptions, as the approach gave individual countries leverage to seek special treatment.

Box 2
Trade disputes

Many difficult and emerging issues are increasingly addressed in trade disputes, rather than through negotiations. The number of disputes is expected to increase. Export restrictions by China on certain minerals (e.g. bauxite, magnesium) were successfully challenged by the European Union, the United States and Mexico on the grounds that the measures discriminate against foreign manufacturers and give unfair advantage to domestic downstream producers. Some disputes were relevant to policies promoting green technologies. The European Union challenged Canada regarding Ontario's feed-in-tariff programme for renewable energy, which it argues go against a WTO rule prohibiting local content subsidies. The case will have bearing on the ability of countries to support local industries in promising environmental goods and services markets.

29. In view of systemic factors contributing to the stalemate, the case for WTO institutional reform as a long-term objective has been recognized, including in respect to implementing and monitoring trade agreements and policies, addressing trade issues in a more cooperative framework and providing Aid for Trade and capacity-building support. The possible institutional reform needs to ensure that the norms and instruments of the multilateral trading system are a critical factor in evolving

economic realities and development needs. It might, accordingly, be necessary to align existing rules and practices with longer-term development objectives such as strengthening industrial capabilities, creating employment opportunities, managing food security and providing access to essential medicines and services, thereby contributing to the Millennium Development Goals. This implies the need for greater recognition of special and differential treatment and policy space.

IV. The way forward

30. The effective delivery of an early harvest of least developed country packages, and possibly "LDC-plus" packages, in December 2011 is seen as critical for subsequent negotiations in 2012. The least developed country package will also be important to help the least developed countries to implement the Istanbul Programme of Action adopted at the Fourth United Nations Conference on the Least Developed Countries in May. However, additional complementary support by the international community is still essential, as such a package would not be sufficient to help the least developed countries meet the targets. As things stand, the chance of agreement on an early package is likely to be limited, as it is difficult to strike a balance of interests among all parties.

A. Duty-free quote-free market access

31. Important progress has been made in expanding duty-free quota-free market access for the least developed countries since 2000. The Hong Kong Ministerial Conference decision's target for covering at least 97 per cent of tariff lines was achieved in all developed countries except the United States, which currently covers 83 per cent of tariff lines. Renewal and substantial reform by the United States of the Generalized System of Preferences scheme (which expired in 2010) to expand product coverage is needed to meet the targets. Extending product coverage could require balancing competing interests of African and Asian least developed countries, because sub-Saharan African countries (e.g. Lesotho, Madagascar) could experience preference erosion of their African Growth and Opportunity Act benefits, especially on apparel, and be severely affected. Coverage may be extended to agricultural products currently excluded from the duty-free quota-free initiative (e.g. tobacco, meat). The selection of products matters, as exports from the least developed countries are highly concentrated; 3 per cent of tariff lines represent 95 per cent of the value of high-income country imports from the least developed countries. It is important to meaningfully address adjustment and competitiveness challenges facing certain sub-Saharan African countries through innovative support measures, so that producers remain in the sector, increase value addition and participate in the global supply chain.

32. The benefits accruing for the least developed countries from full duty-free quota-free treatment could amount to $4 billion to $8 billion. In a scenario where all developed countries provide such treatment for the least developed countries, the potential annual welfare gain for the least developed countries is estimated to be $4.8 billion, with an increase of 2.4 per cent in exports. However, the gains would be very unevenly distributed among countries (see table 3). Results are driven by apparel, textiles and, to a lesser extent, tobacco. Asian least developed countries are

the major beneficiaries, owing to increased apparel exports. Total exports from Cambodia and Bangladesh increase by 18 and 8 per cent, respectively, generating employment gains for unskilled labour of 10 per cent and 3 per cent. If Brazil, China, India and South Africa also open their markets for the least developed countries (as some of them are doing — see box 3), gains for the least developed countries rise to $7.7 billion.

Table 3
Welfare effect of duty-free quota-free market access

	Welfare (millions of United States dollars)	*Exports (percentage)*	*Employment, unskilled (percentage)*
Cambodia	916	18.0	10.1
Bangladesh	2 100	8.2	3.2
Ethiopia	144	1.1	0.5
Lao People's Democratic Republic	5	0.2	0.1
Malawi	161	7.4	4.7
Madagascar	7	0.1	0.1
Mozambique	106	1.7	1.5
United Republic of Tanzania	130	1.6	0.7
Senegal	221	2.1	1.9
Uganda	3	0.1	—
Zambia	42	0.6	0.5
Rest of West Africa	355	0.5	0.6
Central Africa	108	0.6	0.3
South-Central Africa	-2	—	—
Rest of East Africa	498	0.9	0.5
European Union, United States, Other developed and developing countries	-3 897	—	—

Source: UNCTAD.

Box 3
Developing countries' duty-free quota-free initiatives

Several developing countries have extended duty-free quota-free treatment for the least developed countries. The duty-free quota-free initiative by India, first announced at the India-Africa Forum Summit in April 2008, grants duty-free quota-free access to 85 per cent of tariff lines and duty reductions on another 9 per cent, to be liberalized over five years, so that the duty-free quota-free programme covers 94 per cent of tariff lines, including cotton, cocoa, cane sugar and garments. The scheme developed by Brazil will initially grant preferential treatment to 80 per cent of the least developed countries' exports and subsequently expand to 100 per cent by 2014. China offers 31 sub-Saharan least

developed countries an average 10.4 per cent preference margin on 95 per cent of tariff lines (e.g. cocoa beans, leather, copper), while 90 per cent of the least developed countries' imports (e.g. oil) already enter China duty-free through most-favoured-nation status. The scheme by the Republic of Korea provides duty-free quota-free access on 85 per cent of tariff lines and will cover 95 per cent by 2012, including copper, raw tobacco and plywood.

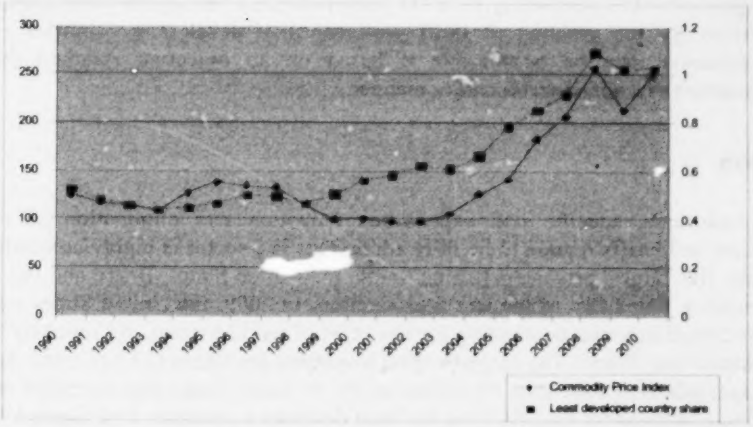
33. Making rules of origin simpler and more transparent has been a key objective of the least developed countries, as stringent rules inhibit effective use of preferences. Evidence suggests that relatively stringent rules of origin on apparel products in the European Union, which required the assembly of apparel from yarn and not from fabric, had the effect of reducing preference utilization. Major progress was made in this regard with the implementation of new European Union Generalized System of Preferences rules of origin in January 2011. The new rules introduced more flexible rules, specific to the least developed countries, for industrial products, including for apparel that now permit "single transformation" (i.e. allowing the use of third-country fabric) (see also box 4). The regional scope for cumulation was extended to four regional groupings without, however, the possibility of pan-African cumulation. By comparison, the Generalized System of Preferences scheme by Canada for the least developed countries provides global cumulation of all Generalized System of Preferences beneficiaries. The least developed countries have called for harmonized rules of origin common to different developed countries based on across-the-board value added criteria with facilitated regional cumulation rules.

Box 4

Beyond duty-free quota-free market access to support the Istanbul Programme of Action

The least developed country package will be important to help the least developed countries meet the target of doubling their share in world exports by 2020, as set out in the Istanbul Programme of Action. From 2000 to 2010, the least developed countries' exports outpaced world exports to double their share, albeit to a meagre 1 per cent. Repeating this success for the next decade is, however, a major challenge.[a] Assuming that world exports will expand by 4.7 per cent annually between 2011 and 2020, doubling the share will require exports by the least developed countries to grow by 12.2 per cent annually. This is ambitious because, first, the increase in the nominal value of exports in the last decade was driven by rising commodity prices (see figure below). Second, almost half of products from the least developed countries are destined for developed countries (46 per cent) where import growth is less dynamic (6.7 per cent, compared to 12.0 per cent in developing countries). The majority of the least developed countries fell short of doubling their export share.

The least developed countries' share in world exports and commodity prices, 1990-2011



Source: UNCTADstat.

This implies that meeting the Programme objective will largely depend on future commodity price developments and the performance of specific products in specific markets. For example, exports from Bangladesh are highly concentrated in apparels and in European Union and United States markets. The duty-free quota-free initiative — estimated to generate a one-time export increase of around 1 per cent for most of the least developed countries — helps but is unlikely to be sufficient. Strong Aid for Trade support by the international community is urgently needed to address the weak productive capacities and infrastructures of the least developed countries.[b] Innovative measures should also be explored. Trade by China with Africa has witnessed explosive growth. China is supporting the establishment of economic and trade cooperation zones in several African least developed countries, which could further increase and diversify exports from Africa, particularly manufacturing.

[a] See *The Least Developed Countries Report, 2010: Towards a New International Development Architecture for LDCs* (United Nations Publication, Sales No. E.10.II.D.5).

[b] UNCTAD "Making trade more development-transmitting, multiplying and inclusive for LDCs". Available from www.unctad.org/en/docs/ditctncd2011d1_en.pdf.

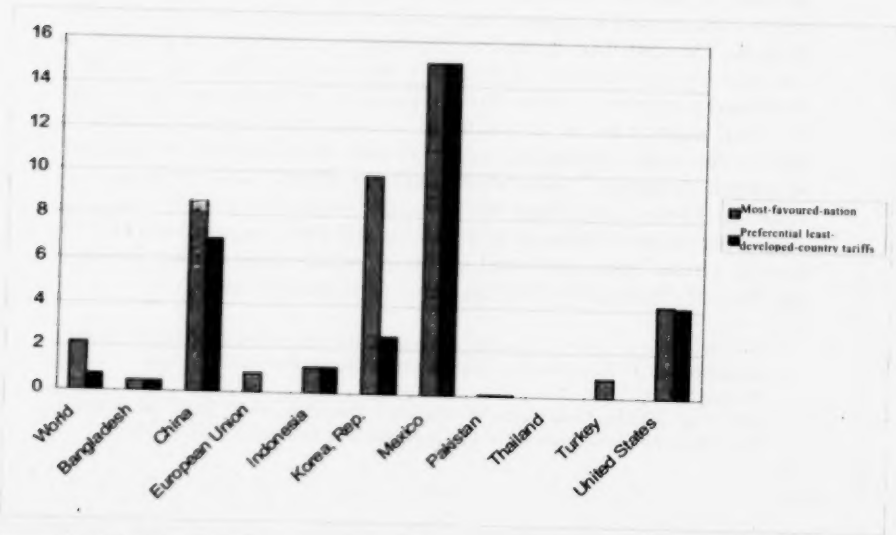
34. The duty-free quota-free market access initiatives and continued international efforts to support the least developed countries are likely to induce further changes to unilateral preferential schemes. In its proposal yet to be adopted, the European Union seeks to overhaul its Generalized System of Preferences scheme from 2014 to redirect its benefits essentially to the least developed countries and other low- and lower-middle-income countries by reducing the number of beneficiaries, for the first time, from the existing 176 to some 80 countries. Concern exists as to whether benefits would be captured by the least developed countries as expected, as countries being removed are essentially high- and upper-middle-income countries that do not necessarily compete with the least developed countries. Limiting

beneficiaries can further accentuate differentiation of developing countries, with implications for the non-discrimination and special and differential treatment principles of WTO. According to WTO jurisprudence,[8] "European communities — conditions for the granting of tariff preferences to developing countries", such differentiation may be permissible if based on an objective standard that is administered in a non-discriminatory manner.

B. Cotton

35. Ambitious, specific and expeditious reduction and elimination of cotton subsidies and tariffs remain to be fully addressed. The sector is highly concentrated, with the five largest producers (China, India, the United States, Brazil and Pakistan) representing four fifths of the world production. In 2009, the United States was the largest cotton exporter, accounting for one third of world exports, followed by India, Uzbekistan and Brazil. The largest cotton importers are China (23 per cent), Turkey and Bangladesh. Reductions of cotton tariffs in major importing countries would contribute to gains for exports from the least developed countries (see figure VI).

Figure VI
Most-favoured-nation and preferential tariffs on cotton in major importing countries



Source: UNCTAD (TRAINS).

36. At the core of the issue is the ambitious reduction of domestic cotton support. Total government support to the cotton industry is estimated at $1.3 billion in 2010/11, down from $5.5 billion provided in 2008/09. High prices for cotton led to a sharp decline in subsidies in 2010/11, since many support programmes were not

[8] WTO, "European communities — conditions for the granting of tariff preferences to developing countries". Available from https://docsonline.wto.org.

triggered. The major subsidizing countries are the United States, China, Greece and Turkey. The United States spent $4.2 billion in 2005, while recently China became the largest cotton subsidizer, according to the International Cotton Advisory Committee, mainly providing support to seeds. Over a longer term, the share of world cotton production receiving direct government assistance increased from an average of 55 per cent between 1997 and 2008 to an estimated 84 per cent in 2008/09. Elimination of cotton subsidies could increase cotton prices by 10-20 per cent, which is significant, especially if current high cotton prices fall.

37. Many developing countries, especially 20 least developed countries in Africa, have a high concentration of exports in cotton (up to 85 per cent).[9] Cotton production in the "Cotton Four" countries (Benin, Burkina Faso, Chad and Mali) decreased by 50 per cent, partly due to unfavourable market environments that made them switch to other products. Furthermore, African producers in general have been unable to keep up with productivity growth in countries such as China and India that make increasing use of biotech varieties. Consequently, the market share of African countries declined from 8.8 per cent in 2002/03 to 5.6 per cent in 2007/08. Effective cuts in cotton subsidies could increase their export revenues by 20 per cent. Measures to strengthen productive capacities, including value added, infrastructure and technology contribute to increasing their supply response to higher prices.

C. Services waiver

38. A waiver authorizing countries to grant preferential market access in services specifically for the least developed countries without having to extend the same treatment to other countries will help the least developed countries to exploit the growing services trade. Such preferential market access, particularly Mode 4, would contribute to increasing exports from the least developed countries. Rules of origin should ensure that preferential access benefits are reserved for suppliers to the least developed countries (i.e. those who have substantial business operations in the least developed countries). The waiver would also allow preferences regarding certain procedural aspects of domestic regulation, such as lower licensing fees. It is important to ensure that preferences given to the least developed countries should be in addition to most-favoured-nation treatment so as not to raise barriers for other developing countries. For the waiver to be meaningful, effective preferential market access needs to be provided.

D. Accessions to the World Trade Organization

39. While it is not part of the Doha programme of work, the least developed countries have repeatedly emphasized the need to improve the WTO accession process. Currently, 12 of 30 countries in the accession process are least developed countries. The accession of Vanuatu, expected this year, follows only those of Cape Verde in 2008 and of Cambodia and of Nepal in 2004. The absence of pre-established, objective criteria for membership and asymmetric bargaining structure in negotiations has resulted in deep and stringent commitments undertaken by acceding countries. Examples are low bound tariffs; participation in sectoral

[9] UNCTAD, "Pan-African Cotton Meeting 2011, Concept Note". Available from www.unctad.info/upload/SUC/PACM_Benin/Concept_Note_English.pdf.

tariff harmonization; effective and broad-based services liberalization commitments; prohibition of agricultural export subsidies and export duties; privatization; accession to the otherwise-optional Agreement on Government Procurement; and prohibition of export performance and transfer of technology requirements on foreign investors. This approach has limited acceding countries' policy flexibilities.

40. Effective implementation and operationalization of the 2002 accession guidelines for the least developed countries can contribute to improving the accession process. Commitments expected of the least developed countries can be clarified by setting benchmarks for market access and other commitments, for instance based on average tariff and services commitments undertaken by existing least developed country members. Average bound rates of existing least developed country members are 77 per cent in agriculture and 45 per cent in non-agricultural products. They compare with commitments by Cambodia and Nepal in their accession on the order of 28-41 per cent in agriculture and 18-24 per cent in non-agricultural products. On rules, all the least developed countries can be automatically entitled to all special and differential treatment provisions, supplemented by regulatory and policy action plans. Such clarification could usefully be harvested together with the least-developed-country package.

E. Least developed country-plus package

41. An "LDC-plus" package has been found necessary to achieve balance among diverse WTO members' interests and burden-sharing. Trade facilitation aimed at improved customs procedures can reduce trade costs and have effects similar to tariff reduction for exporters. Some developing countries are concerned over the implementation cost, as some trade facilitation measures (e.g. single window) will incur significant costs, and effective special and differential treatment and capacity-building support has been a key negotiating issue. Environmental goods and services are promoted for potential environmental benefits while concern exists that deeper liberalization on a range of proposed "environmental goods", mostly manufactured goods related to energy efficiency, can have deep liberalization effects similar to sectoral liberalization, and cover, for instance, 20 per cent of all imports for the least developed countries.

42. Commitment already exists to eliminate agricultural export subsidies by 2013. These subsidies were prevalent from 1995 to 2000 and were valued at $6.2 billion annually worldwide; 90 per cent of them originated in the European Union and supported mainly dairy and meat (beef). Since the amount decreased considerably thereafter, its elimination will have limited effect. On fisheries subsidies, since the disciplines are yet to be fully developed, "standstill" on existing subsidies is suggested to limit their adverse effect on overfishing. Possible disciplines will prohibit certain subsidies contributing to overfishing (e.g. for new vessel construction), while opponents argue that poor management of fish stocks is the major cause for depletion of fish stocks. Other issues proposed include a review of the Dispute Settlement Understanding, regional trade agreements and standstills, including on tariffs, to prevent protectionist tendencies.

V. Regional trade agreements

43. The drive towards regional trade agreements is likely to accelerate with deepened behind-the-border commitments. Preferential trade liberalization represents a major challenge for the multilateral trading system, with some 300 regional trade agreements currently in force. Recent regional trade agreement negotiations involve a greater number of large and dynamic markets — particularly Asia — resource-rich countries and developed countries. This is observable in the recent European Union move towards "competitiveness-oriented" regional trade agreements and the United States engagement in a Trans-Pacific Partnership Agreement. By inducing deeper liberalization and regulatory harmonization covering an increasing share of world trade, they could further affect incentives for multilateralism. Developing countries contributed considerably to the sharp increase, with South-South agreements now representing two thirds of all regional trade agreements.

44. The value of trade covered by regional trade agreements increased to 51 per cent of world trade, although the share of trade actually receiving preferential treatment is much lower (about 16 per cent), as half of world trade is already duty free owing to most-favoured-nation treatment.[10] The preference utilization rate may be high (e.g. 87 per cent and 92 per cent under regional trade agreements involving the European Union and the United States, respectively). Trade liberalization under regional trade agreements generally has a positive effect on global welfare. Participants tend to benefit in terms of welfare, exports and often employment, although government revenues from tariffs may fall, but non-participants tend to lose from trade diversion (see table 4). Simulation shown in table 4 suggests that global gains from some likely regional trade agreements may be negative, indicating that estimated losses to non-members outweigh the gains to members. Smaller countries would suffer losses if they are sidelined in the regional trade agreement formation.

Table 4
Potential effects from possible regional trade agreements

	Free trade area participants		*Free trade area non-participants*	
	Welfare[a]	*Exports*[b]	*Welfare*[a]	*Exports*[b]
European Union-Japan	9.7	0.36	-9.5	-0.11
European Union-Association of Southeast Asian Nations	12.8	0.44	-4.9	-0.18
Trans-Pacific Partnership	7.4	1.08	-8.8	-0.07
Asia-Pacific Economic Cooperation	207.1	6.73	-43.9	-1.01

Source: UNCTAD.
[a] Billions of United States dollars.
[b] Percentage change.

[10] For a recent analysis, see WTO, "World trade report 2011: The WTO and preferential trade agreements: from co-existence to coherence". Available from www.wto.org/english/res_e/booksp_e/anrap_e/world_trade_report11_e.pdf.

45. In 2009, the trade-weighted global average most-favoured-nation tariff was 4 per cent. Such a low rate does not leave much scope for tariff preference, the traditional rationale for regional trade agreements. Recent regional trade agreements have expanded their scope to investment, competition, services, standards, government procurement and intellectual property, as well as labour and environmental standards. They appear to be increasingly motivated by the need to provide a platform for regional supply chains by ensuring duty-free and non-tariff-barrier-free trading environments through deep regulatory integration. Empirical analysis confirms a positive link between trade in parts and components — a proxy for production networks — and the depth of agreements. For instance, the intra-preferential trade agreement trade of intermediate goods is prevalent in the Association of Southeast Asian Nations.

46. The quantitative proliferation and qualitative deepening of regional trade agreements point to the need for coherence between the multilateral trading system and regional trade agreements. Increased transparency, as under the transparency mechanism on regional trade agreements established by WTO, is useful in enhancing predictability of regional trade agreements. Developmental coherence is required so that special and differential treatment and policy space available under the multilateral trading system is not overridden by regional trade agreements where bargaining power can be asymmetric. Regulatory coherence needs to be ensured, including by multilateralizing certain elements of regional trade agreements, such as rules of origin and sectoral liberalization (e.g. ITA). Regional trade agreements could also promote broader cooperation. Economic, financial, regulatory and institutional cooperative schemes, and pooling resources to develop regional infrastructure and trade facilitation, could significantly increase the benefits. The conclusion of the Doha Round could also contribute to such coherence.

A. North-South regional trade agreements

47. Market access conditions may be a valid consideration for North-South regional trade agreements involving lower-income countries and/or countries reliant on limited products and markets. Locking in existing preferential conditions under unilateral preferential arrangements was a key motivation for some Latin American countries to form regional trade agreements with the United States (agricultural products and for non-least developed country African, Caribbean and Pacific States to conclude economic partnership agreements with the European Union (e.g. banana, sugar under the Cotonou preferences). Under regional trade agreements, for example, several Latin American countries obtained a reduction of European Union banana tariffs, increasing preference margins from €3-€39 per ton.

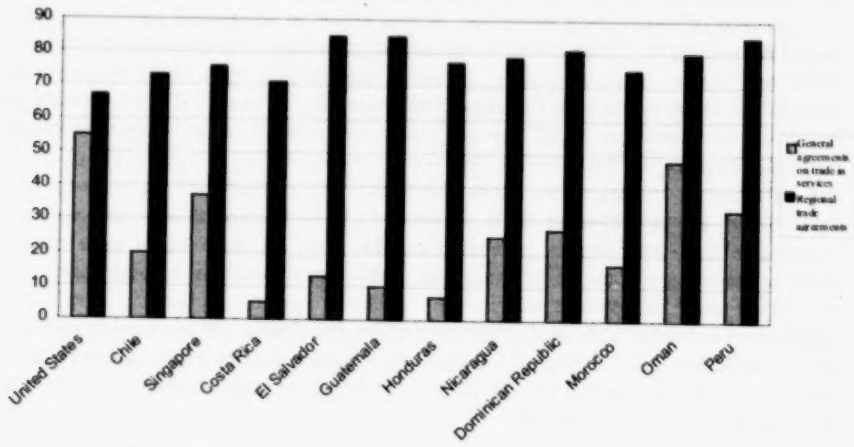
48. Larger developing countries face challenges in effectively securing improved market access under regional trade agreements. Regional trade agreements often preserve high tariffs on import-sensitive products that attracted high protection on a most-favoured-nation basis, including dairy, sugar, cereals and apparel. Preferential tariffs reduce the global trade-weighted average tariff only by 1 per cent, because high tariffs on agriculture and labour-intensive manufacturing goods are often excluded. For example, 27 per cent of agriculture products are excluded compared with 1 per cent of manufacturing goods. This may be changing, as recent North-South regional trade agreements provide for tariff elimination by developed

countries of almost all products by the end of transition period, including some otherwise import-sensitive products (e.g. sugar).

49. Ensuring an adequate content, pace and sequence of their liberalization is a key concern of developing countries, as the effect of reciprocal tariff elimination would be greater for them given economic asymmetries. Their ability to undertake lesser and slower liberalization is, however, constrained by a WTO rule requiring regional trade agreements to liberalize "substantially all trade", often understood as requiring liberalization of 90 per cent of trade over 10 years. Some developing countries have called for revising the rule by incorporating the principle of special and differential treatment to allow "less-than-full" reciprocity in regional trade agreements. Recent regional trade agreements have incorporated a mechanism to automatically extend deeper liberalization that may be undertaken by a regional trade agreement party under future regional trade agreements to the other party, such as "third-party most-favoured-nation" clauses under economic partnership agreements between African, Caribbean and Pacific States and the European Union, which could have a chilling effect on South-South regional trade agreements, and similar provisions applied to selected agricultural products under regional trade agreements of the United States.

50. Trade in services is characteristic of North-South regional trade agreements. Globally, one third of regional trade agreements have services commitments. Two models for services liberalization are the "North American Free Trade Agreement model" based on negative list approach and a "hybrid model" combining positive and negative list approaches. The models generally cover cross-border services, commercial presence (often in conjunction with investment in goods), movement of natural persons and sector-specific regulatory issues (e.g. financial services). More substantial commitments are made under regional trade agreements than under general agreements on trade in services (see figure VII). Under the economic partnership agreement between the European Union and the Caribbean Forum of African, Caribbean and Pacific States (CARIFORUM), for instance, the CARIFORUM countries listed 75 per cent of subsectors. Certain regional trade agreements have incorporated disciplines on services regulations that could potentially constrain their right to regulate, such as financial prudential carve-outs conditioned, unlike under general agreements on trade in services, on "necessity tests". North-South regional trade agreements could help provide meaningful market access on sectors and modes of interest to developing countries, particularly Mode 4, where opening is limited.

Figure VII
Index of services liberalization commitments



Source: UNCTAD, based on WTO.

51. Regional trade agreements often incorporate "TRIPS-plus" disciplines on intellectual property rights that affect various public policies, ranging from health to innovation. They expand the coverage, title holder's rights and duration of several intellectual property categories with stricter enforcement, so that flexibilities available under TRIPS are often restricted (e.g. compulsory licensing to import essential drugs). Some have the effect of delaying the market entry of generic products (e.g. protecting pharmaceutical test data for at least five years). Some estimates suggest that such provisions could increase drug prices by 10-40 per cent (e.g. Costa Rica).

52. North-South regional trade agreements have embarked on liberalization of government procurement, a market representing 10-15 per cent of GDP. The lack of supply capacity in developing countries has often prevented meaningful reciprocity. Conversely, government procurement has long served as an important industrial and public policy instrument for them — to support local suppliers and promote technological development. While domestic preference policies requiring local content have historically contributed to the establishment of some strategic industries, such policies are generally prohibited and permissible only in connection with government procurement under WTO (for most developing countries not party to the Agreement on Government Procurement). Such important policy flexibilities are increasingly restricted by regional trade agreement disciplines.

B. South-South integration

53. South-South integration and cooperation increasingly provides a platform for dynamic South-South trade (see box 5). Most South-South regional trade agreements have covered trade in goods, while many have embarked on broader regulatory and cooperative measures. They allow the exploitation of economies of scale, serve as development launch pads to global integration, promote trade in

non-traditional goods and have the potential to facilitate diversification.[11] Less stringent rules of origin and the mutual recognition of standards — more easily achievable among countries with similar level of development — can promote the development of regional value chains.

Box 5
Potential benefits of an African common market

The level of intra-African trade is low, including in intermediate goods. To overcome fragmentation and small markets, African countries seek to establish a pan-African common market by 2023. Favourable economic conditions create the right environment for a meaningful African integration agenda. The tripartite initiative among the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa and the East African Community demonstrates commitment to bringing coherence to overlapping African regional trade agreements. Thus far the integration process has focused mainly on tariffs, but "developmental integration" combining trade liberalization with regulatory and development cooperation could go a long way. A reduction by 50 per cent of intra-African tariffs and non-tariff barriers often resulting from infrastructure deficiency or burdensome administrative procedures could generate significant welfare gains of $6.5 billion with a positive employment effect in all regions, up to 4.8 per cent in the Economic Community of West African States (ECOWAS). Intra-African trade and output would increase, contributing to structural change.

Potential effects of intra-African integration

	Welfare (millions of United States dollars)	*Employment, unskilled (percentage)*	*Exports (percentage)*
North Africa	1 188	0.66	1.72
ECOWAS	1 814	4.78	7.04
East and Central Africa	1 329	0.07	3.19
SADC	2 177	2.04	3.12

Source: UNCTAD.

54. Interregional South-South trade cooperation has received impetus from the conclusion in December 2010 of the third round of the Global System of Trade Preferences among Developing Countries (GSTP) negotiations, launched in 2004 at the eleventh session of UNCTAD. The agreement reduces applied tariffs by 20 per cent on 70 per cent of dutiable products, thereby combining effective cuts with policy flexibilities. The resulting tariff concessions broaden product coverage to 47,000 tariff lines. Twenty-two of the 43 GSTP members participated in the round

[11] UNCTAD, "Making South-South trade an engine for inclusive growth". Available from www.unctad.org/en/docs/presspb20093_en.pdf.

and 11 exchanged tariff concessions.[12] UNCTAD estimates find the 11 participants will see welfare gains of $2.5 billion, which could be increased to $5.8 billion if all 22 countries that participated in the round undertake tariff reduction. Broadening and deepening liberalization, with enhanced rules of origin, and extending cooperation and liberalization to non-tariff barriers, trade facilitation, trade finance and eventually services trade could significantly enhance its potential.

VI. Conclusion

55. **A dynamic trade and investment nexus has, over the past two decades, been a key driver of growth and structural transformation in some developing countries. That dynamism has begun to change the economic landscape and has redirected focus to the complementary policies required to strengthen productive capacities, expand employment opportunities in support of inclusive and sustainable development, and better cope with external shocks. Greater attention needs to be given to agriculture and services sectors. Integrated and coherent trade, industrial, labour market and social policies can go a long way towards realizing a more equitable sharing of wealth and opportunities, within and across countries. The international trading system is an important catalyst for realizing the benefits of trade, and the efforts behind the protracted Doha Round negotiations need to be urgently channelled into meaningful development gains. The least developed country package should make an important contribution to the implementation of the Istanbul Programme of Action. Attention should be given to the realization of Millennium Development Goal 8 on an open, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system. Reinvigorating the multilateral trading system and preparing it for twenty-first century challenges is important. Development imperatives under rapidly changing economic conditions need to be factored into the norms and instruments of the international trading system, such as through enhanced policy space for development and achieving greater developmental coherence between the multilateral trading system and regional trade agreements, as well as between the international trade and financial systems.**

[12] Argentina, Brazil, Cuba, Egypt, India, Indonesia, Malaysia, Morocco, Paraguay, Republic of Korea, Uruguay.

United Nations A/66/186

General Assembly

Distr.: General
25 July 2011

Original: English

Sixty-sixth session
Item 76 (a) of the provisional agenda*
Oceans and the law of the sea

Report on the work of the United Nations Open-ended Informal Consultative Process on Oceans and the Law of the Sea at its twelfth meeting

Letter dated 22 July 2011 from the Co-Chairs of the Consultative Process addressed to the President of the General Assembly

Pursuant to General Assembly resolution 65/37 A of 7 December 2010, we were appointed as the Co-Chairs of the twelfth meeting of the United Nations Open-ended Informal Consultative Process on Oceans and the Law of the Sea.

We have the honour to submit to you the attached report on the work of the Informal Consultative Process at its twelfth meeting, which was held at United Nations Headquarters from 20 to 24 June 2011. The outcome of the meeting consists of our summary of issues and ideas discussed during the meeting. As per past practice, we kindly request that the present letter and the report of the Consultative Process be circulated as a document of the sixty-sixth session of the General Assembly under the agenda item entitled "Oceans and the law of the sea".

In addition, kindly note that the meeting entrusted us to bring the outcome of the twelfth meeting to the attention of the United Nations Conference on Sustainable Development to be held in Rio de Janeiro, Brazil, in 2012. Accordingly, we would be grateful if the attached document, which includes issues that could benefit from attention in the framework of the Conference, could also be transmitted to the Co-Chairs of the Bureau for the Preparatory Process of the Conference.

(*Signed*) Milan Jaya Nyamrajsingh **Meetarbhan**
Don **MacKay**
Co-Chairpersons

* A/66/150.

11-43139 (E) 100811

Please recycle

Twelfth meeting of the United Nations Open-ended Informal Consultative Process on Oceans and the Law of the Sea

(20-24 June 2011)

Co-Chairs' summary of discussions[1]

1. The twelfth meeting of the United Nations Open-ended Informal Consultative Process on Oceans and the Law of the Sea was held from 20 to 24 June 2011 and, pursuant to General Assembly resolution 65/37 A, focused its discussions on the topic entitled "Contributing to the assessment, in the context of the United Nations Conference on Sustainable Development, of progress to date and the remaining gaps in the implementation of the outcomes of the major summits on sustainable development and addressing new and emerging challenges".

2. The meeting was attended by representatives of 88 States, 17 intergovernmental organizations and other bodies and 12 non-governmental organizations.

3. The following supporting documentation was available to the meeting: (a) addendum to the report of the Secretary-General on oceans and the law of the sea (A/66/70/Add.1); and (b) format and annotated provisional agenda of the meeting (A/AC.259/L.12).

4. The meeting also had before it submissions from the European Union (A/AC.259/20) and the Pacific small island developing States (A/AC.259/21).

Agenda items 1 and 2
Opening of the meeting and adoption of the agenda

5. The two Co-Chairs, Don MacKay (New Zealand) and Milan Jaya Meetarbhan (Mauritius), highlighted in their opening statements the importance of the oceans and seas to sustainable development, in particular for coastal developing States and small island developing States, in the light of their dependence on healthy coastal and marine ecosystems for livelihood. There was a need for the oceans to feature prominently on the agenda of the United Nations Conference on Sustainable Development.

6. On behalf of the Secretary-General, Patricia O'Brien, the Under-Secretary-General for Legal Affairs and Legal Counsel, underlined the critical importance of oceans, seas, islands and coastal areas for global food security and for sustaining economic prosperity and the well-being of many nations. She noted that while progress had been made with regard to an institutional framework for the oceans with the establishment, inter alia, of the Consultative Process, much more remained to be done.

7. Sha Zukang, Under-Secretary-General for Economic and Social Affairs, stressed that billions of people around the world were dependent on the oceans and their resources for their livelihood. Yet, oceans were among the most threatened ecosystems, including from the loss of marine biodiversity, pollution, global warming, acidification, coral bleaching and declining fish stocks. These challenges

[1] The summary is intended for reference purposes only and not as a record of the discussions.

highlighted the urgency of taking action to ensure the sustainable management and use of marine resources for current and future generations.

8. The meeting adopted the format and annotated provisional agenda and approved the proposed organization of work.

Agenda item 3
General exchange of views

9. The discussions held on the topic of focus at the plenary meetings and within the panels are reflected in paragraphs 11 to 85 below.

10. Delegations expressed their appreciation for the addendum to the report of the Secretary-General on oceans and the law of the sea (A/66/70/Add.1). Several delegations highlighted the challenges and emerging issues identified in the report, noting its conclusion that while progress had been achieved, the full implementation of many of the goals and targets for the sustainable development of oceans and seas required further efforts by States, intergovernmental organizations and other relevant actors.

Area of focus: Contributing to the assessment, in the context of the United Nations Conference on Sustainable Development, of progress to date and the remaining gaps in the implementation of the outcomes of the major summits on sustainable development and addressing new and emerging challenges

11. In accordance with the annotated agenda, discussions in the panel were structured around four segments: (a) sustainable development, oceans and the law of the sea; (b) overview of progress to date and the remaining gaps in the implementation of the outcomes of the major summits on sustainable development; (c) new and emerging challenges for the sustainable development and use of oceans and seas; and (d) the road to Rio+20 and beyond. The segments were launched by presentations from panellists, which were followed by discussions.

12. Delegations highlighted the timeliness and critical importance of the topic of focus, noting that the oceans and seas, in the light of their economic, social and environmental significance, should feature prominently in the discussions and outcome of the United Nations Conference on Sustainable Development in 2012. The importance of the topic of focus to developing countries was particularly emphasized.

13. With reference to one of the themes of the conference, which was entitled "Green economy in the context of sustainable development and poverty eradication", some delegations noted that for many countries, a "green economy" was a "blue economy".

1. Sustainable development, oceans and the law of the sea

(a) Panel presentations

14. Brice Lalonde, Co-Executive Coordinator, United Nations Conference on Sustainable Development, provided a presentation on the challenges faced in the implementation of legal instruments relating to the oceans and the need to address the multiple threats to the oceans. In particular, Mr. Lalonde emphasized the

important role of regional organizations, including in the gathering of scientific knowledge through cooperation and coordination. He stressed the need for science-based measures and the importance of ecosystem-based approaches, integrated coastal management and environment impact assessments. Cherdsak Virapat, Executive Director, International Oceans Institute, discussed the relationship between the oceans and the three pillars of sustainable development. He emphasized the nexus between oceans and coastal areas and the ever-increasing pressures on ocean ecosystems from human activities, despite efforts by the international community to develop a global and comprehensive governance regime for the oceans. Mr. Virapat stressed the need for human society to change its behaviour to achieve the goals of sustainable interaction with the environment and the oceans.

(b) Plenary and panel discussions

15. The role of oceans in achieving the three pillars of sustainable development was emphasized. It was noted that the oceans, including coastal areas, were critical for life, food security and the prosperity of humankind. The health of the oceans and the management of their resources were directly related to development opportunities for many peoples, in particular in small island developing States. The role of healthy oceans in providing ecosystem services as part of the Earth's ecological cycles, including by absorbing carbon and providing oxygen, was also stressed. In particular, the significance of the contribution of fisheries to the social pillar was highlighted, as well-managed fisheries provided food security and employment. Fisheries were also essential for trade and commerce for many coastal States that rely heavily on those resources, in particular small island developing States.

16. Several delegations recalled that a central principle of sustainable development was intergenerational equity, which stressed the pursuance of development in a manner that used natural resources rationally and sustainably so that future generations could also enjoy the benefits of current development. Reference was also made to intragenerational equity. Many delegations noted the need to balance and strengthen linkages among the economic, social and environmental pillars of sustainable development. Some delegations stressed that all three elements should be considered as an integrated whole and not as separate pillars. The view was expressed that such an approach required consideration of the relevant economic, ecological and social aspects at the local, national, regional and global levels, and that there was no "one-size-fits-all" solution.

17. Several delegations were of the view that, in achieving sustainable development, fragmentation of the law of the sea should be avoided. They recalled that activities in the oceans were governed by the law of the sea as reflected in the 1982 United Nations Convention on the Law of the Sea, the integrity of which should be preserved. In that regard, it was recalled that ratification of the Convention was the most significant action a State could take towards sustainable development. It was also noted that the convening of the Conference on Sustainable Development in 2012 would coincide with the thirtieth anniversary of the adoption of the Convention.

18. With reference to the role of regional organizations in the sustainable development of oceans and the law of the sea, some delegations expressed concern at a proposal from a panellist that the mandates of regional fisheries management organizations and arrangements into regional ocean management organizations. It

was stressed that regional fisheries management organizations and arrangements were already coping with challenges in fulfilling existing mandates and that it was not likely that they would have either the capacity or the mandate to address issues such as marine protected areas. Other delegations emphasized the existing legal framework established by the Convention and its implementing agreements and the tools already available to face those challenges.

19. The central role of the General Assembly as a decision-making body, particularly in aspects related to the sustainable development of oceans and seas, was emphasized.

20. With regard to cooperation and coordination, some delegations noted the plethora of international conventions, conferences and legal frameworks dealing with marine issues, and highlighted the need to harmonize the vision of the international community and develop synergies in order to promote the sustainable management of the oceans. The importance of cross-sectoral cooperation between organizations with mandates to regulate different activities, particularly at the regional level, was noted. The need for integrated management and the sustainable development of coastal areas, as well as the adoption of ecosystem approaches, was also emphasized.

21. In this context, it was recalled that in the Plan of Implementation of the World Summit on Sustainable Development (Johannesburg Plan of Implementation), it was recommended that an effective, transparent and regular inter-agency coordination mechanism on ocean and coastal issues be established within the United Nations system, which led to the establishment of UN-Oceans. The view was expressed that there was a need to re-evaluate the role of UN-Oceans (see also paras. 87-91) in increasing coherence and supporting Member States in the implementation of ocean-related policies.

22. The attention of the meeting was drawn to the importance of applying a precautionary approach as called for in Principle 15 of the Rio Declaration on Environment and Development and as reiterated by the Seabed Disputes Chamber of the International Tribunal on the Law of the Sea in its advisory opinion on the responsibilities and obligations of States sponsoring persons and entities with respect to activities in the area. Several delegations supported the application of an ecosystem approach to managing human activities in the oceans, including by using tools, consistent with international law, such as marine protected areas and coastal and marine spatial planning. Reference was also made to Principle 2 of the Rio Declaration, according to which States had the responsibility to ensure that activities within their jurisdiction did not cause damage to the environment of other States or of areas beyond the limit of national jurisdiction. The principle of common but differentiated responsibilities was also recalled by many delegations.

2. Overview of progress to date and the remaining gaps in the implementation of the outcomes of the major summits on sustainable development

(a) Panel presentations

23. Luis Valdés, Head of Ocean Sciences of the Intergovernmental Oceanographic Commission of the United Nations Educational, Cultural and Scientific Organization (IOC/UNESCO), noted gaps in marine scientific research, the fragmentation of the governance of oceans within the United Nations and the under-utilization of

UN-Oceans. He cited geo-engineering, vulnerable deep-sea ecosystems and marine plastics as the most significant emerging issues. Kriangsak Kittichaisaree, Ambassador of Thailand to Australia, presented the remaining gaps and challenges in capacity-building and the transfer of marine technology, including in the area of energy-related research; marine biotechnology, strengthening management structures, protection of the marine environment; disaster preparedness, sustainable fisheries development; sea-level rise; waste management and addressing the adverse effects of climate change. Sebastian Mathew, Executive Secretary, International Collective in Support of Fishworkers, highlighted the existing gaps between summit outcomes, national legislations and policies for the sustainable development of capture fisheries and implementation at the national and local levels. He attributed such a gap mainly to lack of capacity, insufficient scientific knowledge, absence of political commitment and poor governance. Phil Weaver, Coordinator, Hotspot Ecosystem Research and Man's Impact on European Seas, noted the destructive impacts of bottom fishing on marine species and the seabed. He emphasized the importance of impact assessments, the application of a precautionary approach and the need for surveillance of fishing vessels. Alo Babajide, Professor, University of Lagos, identified the gaps, challenges and priorities in marine environmental protection from marine pollution necessary to achieve the three pillars of sustainable development, highlighting the costs of inaction. He addressed implementing mechanisms and noted the role of the Large Marine Ecosystems projects in support of the ecosystem approach and integrated management.

(b) Plenary and panel discussions

24. Delegations recalled positive commitments made at major summits on sustainable development. Many delegations referred also to the Manado Ocean Declaration and the outcome of the tenth meeting of the Conference of the Parties to the Convention on Biological Diversity. However, many delegations noted with concern the gap between the adoption of commitments and their implementation. Several delegations stated that while important political efforts had been undertaken to meet these commitments, including by perfecting the normative framework, shortcomings in implementation remained in relation to oceans.

25. Several delegations noted that many of the commitments made at the United Nations Conference on Environment and Development and subscribed in the Johannesburg Plan of Implementation and the Millennium Development Goals, especially relating to coastal developing States and small island developing States, had not been met.

26. A number of delegations emphasized the need for greater efforts in the implementation of existing agreements and commitments, particularly at the national level, in order to advance the sustainable development agenda. In this regard, a key message from Agenda 21, "to think globally and act locally", was recalled. It was suggested that the aggregate of actions at the national level would translate into action at the international level. The need to develop policies at the local level, for example with small-scale fishing communities, was highlighted.

27. Some delegations stressed the importance of flag State responsibility and the need for States, in order to be responsible fishing nations, to become party to important international instruments such as the 1995 United Nations Fish Stocks Agreement and the Agreement on Port State Measures to Prevent, Deter and

Eliminate Illegal, Unreported and Unregulated Fishing approved by the Committee on Fisheries of the Food and Agriculture Organization of the United Nations (FAO). It was noted that States could be responsible fishing nations without becoming party to such Agreements and that their performance should be evaluated on the basis of their actions.

28. Noting the importance of scientific knowledge for the sound management and conservation of the oceans, some delegations expressed the need for greater efforts in strengthening the ability of the IOC/UNESCO and regional organizations in building capacity in marine science. Reference was also made to the International Seabed Authority as a possible model for the promotion of cooperation and coordination of capacity-building and transfer of marine technology.

29. The view was expressed that good governance was essential for poverty eradication and sustainable development but still constituted a considerable challenge for the United Nations system. In particular, the reference to good governance contained in the 2002 Monterrey Consensus of the International Conference on Financing for Development and the ocean governance goals identified at the World Summit on Sustainable Development were highlighted. In that regard, there was still a need to identify to what extent such goals had been achieved. The lack of clarity on the institutional and regulatory mechanisms needed for achieving the target of protection of 10 per cent of oceans by 2020 was also noted. A concern was expressed about the institutional and budgetary weakening of the international bodies mandated to examine the implementation of the rules relating to maritime protection.

30. Attention was drawn to the Marine Strategic Framework Directive of the European Union according to which, inter alia, an ecosystem-based approach would be applied to the management of human activities. In this context, from 2012, Member States of the European Union would need to assess, through regular assessments, the cost of degradation of the marine environment.

31. The central role of the Convention in the context of the recommendations adopted at the major summits on sustainable development was noted. It was suggested that the 1995 United Nations Fish Stocks Agreement had provided the foundation for a robust international fisheries regulatory regime and codified modern principles of fisheries conservation and management. The issue of transparency, with particular reference to the need of having States properly reporting their fishing efforts to the regional fisheries management organizations and arrangements in which they participated, was also highlighted.

32. It was also noted that the 1995 Agreement had included the establishment of an Assistance Fund under Part VII which was often underresourced and which therefore frustrated the expectations of developing States. An appeal was made for contributions to the Assistance Fund.

33. Several delegations expressed the view that the major remaining gaps in the implementation of Agenda 21 and the Johannesburg Plan of Implementation in respect of sustainable fisheries related to overfishing and fishing overcapacity, as well as fisheries subsidies. In this connection, noting that removing harmful subsidies had economic, environmental and developmental benefits, the view was expressed that it would be welcome if the issue of subsidies could be discussed in

the preparation for the 2012 Conference on Sustainable Development (see also para. 66).

34. Other delegations observed that a lack of monitoring, control and surveillance capacity affected the ability of some States to regulate activities in their exclusive economic zone. Delegations stressed the need to address illegal, unreported and unregulated fishing, destructive fishing practices, by-catch and discards, single-species management, data reporting and ineffective fisheries management. A concern was also expressed about continued shark finning.

35. With regard to bottom trawling, attention was drawn to the upcoming workshop to discuss implementation of relevant paragraphs of General Assembly resolutions 61/105 and 64/72 on the impact of bottom fishing on vulnerable marine ecosystems and the long-term sustainability of deep sea fish stocks, which was seen as the most suitable forum to deal with the technical aspects of bottom fishing.

36. The view was expressed that the economic benefits of deep sea fisheries were negligible in absolute terms and disproportionately small when compared with the negative impact on the marine environment.

37. Several delegations stressed the need to apply more effectively modern conservation and management principles to fisheries management, such as the precautionary and ecosystem approaches. In this connection, many delegations expressed concern that several of the goals set up by the sustainable development summits, in particular the application of the ecosystem approach by 2010, the achievement by 2010 of a significant reduction of the current rate of biodiversity loss at the global, regional and national levels, and the establishment of representative networks of marine protected networks by 2012, had not been met.

38. Reference was also made to the alarming statistics contained in the FAO report *State of World Fisheries and Aquaculture*, highlighting the need to strengthen the regulatory regime for regional fisheries management organizations and arrangements with a view to making them more accountable, transparent and open. In that regard, attention was drawn to the recommendations of the Resumed Review Conference on the United Nations Fish Stocks Agreement relating to the need to modernize the mandate of regional fisheries management organizations and arrangements and to undertake regular performance reviews. Attention was also drawn to the 1982 Nauru Agreement Concerning Cooperation in the Management of Fisheries of Common Interest. In this connection, the importance of the sustainability of tuna fishing for the economy of small island developing States was underscored, and attention was drawn to the 2010 Koror Declaration, which introduced innovative measures, such as expanded and targeted high seas closures. Some delegations proposed that the General Assembly exercise oversight of the performance of regional fisheries management organizations and arrangements. However, the North-East Atlantic was identified as an area where the competent regional fisheries management organization had successfully addressed illegal, unreported and unregulated fishing through, inter alia, the use of black lists.

39. Some delegations highlighted the importance and vulnerability of migrating cetaceans, which sustained coastal communities engaged in commercial whale and dolphin watching operations. They noted the ecosystem services provided by cetaceans, for example, baleen whales recycle organic iron and convert it into mineral iron. It was noted that only one fifth of cetaceans was covered by the

current legal and policy frameworks. The fragmented level of protection of whales, for example, constituted a substantial hindrance to the fair and sustainable development of the oceans. They observed that further international cooperation was needed on this issue, with the view to adopting a collective policy, in conformity with applicable international law, including the Convention, to ensure the protection of cetaceans on the high seas. Some other delegations highlighted in this regard the fundamental principle that renewable resources must be harvested in a sustainable way. They expressed their readiness to continue to cooperate within existing competent forums, namely the International Whaling Commission and the North Atlantic Marine Mammals Commission.

40. With regard to the conservation and sustainable use of marine biological diversity, many delegations highlighted that a step towards overcoming a major gap in the implementation of the Convention had been taken at the fourth meeting of the Ad Hoc Open-ended Informal Working Group to study issues relating to the conservation and sustainable use of marine biological diversity beyond areas of national jurisdiction, held from 31 May to 3 June 2011. The Working Group had recommended that a process be initiated, by the General Assembly with a view to ensuring that the legal framework for the conservation and sustainable use of marine biodiversity in areas beyond national jurisdiction effectively addressed those issues by identifying gaps and ways forward, including through the implementation of existing instruments and the possible development of a multilateral agreement under the Convention. This process would address the conservation and sustainable use of marine biodiversity in areas beyond national jurisdiction, in particular, together and as whole, marine genetic resources, including questions on the sharing of benefits, measures such as area-based management tools, including marine protected areas, and environmental impact assessments, capacity-building and the transfer of marine technology.

41. Some delegations noted that marine protected areas had been recognized as an important management tool, including mitigating and buffering some of the impacts on the oceans from coastal and offshore development, overfishing, climate change, natural events, and other stressors. Some delegations pointed out the slow progress towards achieving the 2012 target for establishing marine protected areas, consistent with international law and based on the best scientific information available, including representative networks. Several delegations highlighted the need to establish marine protected areas in areas beyond national jurisdiction. With reference to the work of the Working Group (see para. 40), other delegations stressed the need to address jurisdictional issues and develop institutional structures for areas beyond national jurisdiction that represented the interests of the international community as a whole.

42. The absence of a global mechanism for the designation of marine protected areas beyond areas of national jurisdiction was also noted by some delegations. Reference was made to the relevant outcome of the tenth meeting of the Conference of the Parties to the Convention on Biological Diversity, emphasizing the adoption of a new Strategic Plan for Biodiversity 2011-2020, including targets on sustainable fisheries and on coastal and marine protected areas, as well as the process established in decision X/29 of the Conference of the Parties to identify ecologically or biologically significant areas.

43. In order to ensure the sustainable use of marine goods and services, several delegations noted the need to adequately assess and understand the state and functioning of the oceans to support an integrated and ecosystem-based approach to the management of human activities that had an impact on the marine environment. In that regard, reference was made to the importance of an operational regular process for global reporting and assessment of the state of the marine environment, including socio-economic aspects.

44. The view was expressed that an ecosystem approach was needed for the management of all users and uses, including tourism, merchant shipping, mining and fishing. In this connection, reference was made to the importance of establishing regional marine scientific and technological centres in small island developing States.

45. With regard to marine pollution, the need for further work in reducing the impacts of marine debris, underwater noise and land-based activities on the oceans was stressed. Marine debris was a transboundary issue, requiring regional cooperation and coordination. The phenomenon of invasive species was also underscored as a threat to biodiversity and a significant factor in its decline. The work of the International Maritime Organization in addressing ballast water was underlined (see also para. 92). It was noted that a decrease of biodiversity also affected fisheries, tourism and commerce. Attention was also drawn to the lack of a legal regime on liability and compensation related to damage caused by pollution generated in connection with offshore exploration and exploitation activities.

46. The view was expressed that transboundary pollution from offshore oil platforms constituted a concern which should be addressed, and noted ongoing work in this regard. Some delegations discussed the possibility of the development of new instruments to address emerging issues relating to activities such as offshore hydrocarbon exploration and exploitation. Other delegations emphasized that the issue was adequately covered by existing obligations under international law to protect the marine environment, including the Convention, and stressed the need to fully implement them.

47. Several delegations were of the view that pollution research projects should address these new threats to the marine environment. Research was also necessary on the impact of climate change on oceans.

48. Some delegations also expressed concern with regard to the risks associated with the transportation of hazardous and radioactive waste through the Caribbean Sea.

49. The general view was expressed that capacity-building was critical for the achievement of the sustainable development of oceans and seas. It was also noted that changes in technology had expanded access to data from the Global Ocean Observing System, which served as an important resource for scientists, ocean and coastal resource managers, emergency responders, policymakers, educators, and those who used the oceans for their recreation and livelihood.

50. Attention was drawn to the Intergovernmental Oceanographic Commission Criteria and Guidelines on the Transfer of Marine Technology and the need to apply them. It was noted that the role of IOC with regard to the transfer of technology should be further explored. With regard to activities in the Area, the competence of the International Seabed Authority for transfer of technology was underlined.

51. Reference was made to the need to consider balancing the requirements of developing States with proprietary rights linked to the transfer of technology.

52. The need for a coordinated approach to capacity-building and technology transfer was noted. In this regard, identifying the capacity gaps, which may hinder effective participation in the sustainable development of oceans and finding solutions to these gaps was considered necessary. Some delegations suggested that this could include the establishment of a clearing house mechanism for providers and recipients.

53. Several delegations also recognized that capacity-building was an important aspect of research. Examples of effective capacity-building programmes were referred to, including the Nansen Programme, which aimed at building capacity through fisheries research and management and institutional strengthening. Reference was also made to examples of South-South cooperation, in particular in regard to marine and coastal fish farming and the development of alternative, renewable energy.

Information session

54. The Co-Chairs invited Professor Alex Rogers, Department of Zoology, University of Oxford, to inform delegations of a recently released report on an international expert workshop on ocean stresses and impacts. Professor Rogers highlighted a wide range of impacts on the oceans due to human activities, which had major implications for the function and resilience of marine ecosystems. He expressed particular concern over the unprecedented rate of climate change and the need for action to protect ecosystems. He recommended urgent action to reduce carbon dioxide emissions, a coherent strategy of ecosystems restoration and effective management of the high seas.

3. New and emerging challenges for the sustainable development and use of oceans and seas

(a) Panel presentations

55. Yoshinobu Takei, Assistant Professor, School of Law, Utrecht University, discussed the challenges and opportunities in achieving the goal of sustainable development through the integrated management of oceans and seas. He examined coral reef management as an example to illustrate ways in which States could achieve integrated management and the difficulties related thereto. Ussif Rashid Sumaila, Professor, University of British Columbia, highlighted some of the impacts of global warming on the sustainable use of ocean fish resources such as changes in fish productivity, distributional range of species, migration patterns, increases in coral bleaching, ocean acidification, and changes in ecosystem composition; as well as economic effects through changes in catches and catch values. He noted, for example, that the value of fish stocks in West Africa could decrease by up to 50 per cent. Tullio Scovazzi, Professor of International Law, University of Milan-Bicocca, provided a legal perspective on the conservation and sustainable use of marine biodiversity within and beyond the limits of national jurisdiction while emphasizing the need to consider how the Convention could evolve to address new issues such as a regime for marine genetic resources and the establishment of a network of marine protected areas, as well as environmental impact assessments, capacity-building and the transfer of marine technology. Jacqueline Alder, Head of Freshwater and Marine

Ecosystem Branch, Division of Environmental Policy Implementation, United Nations Environment Programme (UNEP), highlighted the scope and nature of globally significant emerging issues relating to governance, pollution and the industrialization of the oceans.

(b) Plenary and panel discussions

56. A wide range of new and emerging challenges to the sustainable development and use of oceans and seas was highlighted as requiring attention. In particular, delegations expressed concern over the loss of biodiversity and related services; impacts on vulnerable marine ecosystems, including corals; overexploitation of resources; harmful subsidies; marine debris and microplastics; invasive alien species; underwater noise; and the accumulation of chemicals and excessive nutrients in the oceans.

57. Several delegations noted that the challenges affecting sustainable development were interlinked and could not be addressed in isolation. These delegations also stressed that the interplay between these issues could produce challenges that were not addressed under current policies. It was noted, for example, that research on climate change usually focused on individual impacts, and that cumulative impacts might have unknown consequences.

58. Many delegations also highlighted the environmental vulnerability and isolation of small island developing States, whose culture, livelihoods and economies were being threatened by unsustainable uses of marine resources and by climate change. In this regard several delegations raised concerns over the impacts of climate change on oceans including sea level rise and ocean acidification. Many delegations agreed on the need to address climate change in the context of the principles set out in the United Nations Framework for the Convention on Climate Change. In particular, reference was made to how climate change impacts relate to water supplies and food security.

59. It was noted that the lack of information and technology as well as institutional capacity within developing States to address, in particular climate change, needed to be taken into consideration. Other delegations called for increased international cooperation and data sharing on observations and research to better understand and anticipate the effects of ocean acidification on the marine environment. Several delegations also noted the role of renewable energy in sustainable development, including in the minimization of the risk of climate change and reduction of poverty. The importance of a precautionary approach in the development of renewable energies to manage environmental impacts was noted.

60. Several delegations also highlighted the impact of climate change on fish stocks, including redistribution of fish populations.

61. Some delegations emphasized that changes in the distribution of stocks could lead to the collapse of existing agreements in regional fisheries management organizations where allocations were based on the location of these resources. Some delegations suggested that there was a need for an international instrument on the allocation of fish stocks, since this issue was not dealt with in the United Nations Fish Stocks Agreement.

62. With regard to ocean acidification, concerns were expressed over the lack of capacity to monitor the impacts of acidification, particularly in developing countries.

63. With regard to ocean fertilization, concern was expressed about the possible impact on the marine environment.

64. Several delegations noted that although marine debris was not a new challenge, its effects on marine ecosystems were becoming more apparent due, in particular, to pervasiveness of microplastics. They suggested that this matter deserved particular attention at the 2012 Conference on Sustainable Development. It was noted by a panellist that UNEP had a comprehensive waste management programme in place.

65. In regard to underwater noise, several delegations highlighted that the marine environment had experienced an acute growth of noise events, particularly in the shipping and energy sectors and military activities. A panellist stressed that noise could seriously affect marine species, including mammals, and could cause dramatic reductions in fishing catch rates. Several delegations called for immediate action on this issue.

66. As to overfishing, the view was expressed that there was a need to eliminate harmful subsidies. Although attractive in the short term, subsidies could undermine the resource base in the long term. Several delegations emphasized that the appropriate forum for this issue was the Doha Round of the World Trade Organization. Some delegations stated that it was important not to treat all subsidies the same way since they could be used to fund adaptive measures, such as the diversification of local economies. It was suggested that the 2012 Conference on Sustainable Development process could provide a new important opportunity to address issues related to subsidies.

67. Some delegations emphasized the need to recognize the important contribution of artisanal and small scale fishing communities to sustainable development. In this regard, it was recalled that Agenda 21 had reflected and recognized the importance of artisanal and small scale fisheries to sustainable development. Some delegations suggested that the 2012 Conference on Sustainable Development should reaffirm the importance of these issues.

68. Reference was made to the use of industrial scale floating aquaculture farms. There was a need to increase national and international efforts to address aquaculture, including through data collection, best practices and certification guidelines.

69. Several delegations expressed views on possible solutions to the wide range of challenges to the sustainable development and use of oceans and seas, while emphasizing that ecosystems were at the centre of management efforts. These delegations also highlighted the need to preserve the integrity of ecosystems and to make the ecosystem approach operational. The potential role of the Regular Process was emphasized.

70. Many delegations stated that the outcome of the fourth meeting of the Working Group was a significant move forward and a delicately balanced outcome (see also para. 40).

71. Many delegations underlined the need to address the question of the relevant legal regime for marine genetic resources in areas beyond national jurisdiction. These delegations expressed support for the possible development of an implementing agreement to address the conservation and sustainable use of marine biological diversity beyond areas of national jurisdiction. Some delegations supported the inclusion of language in this regard in the outcome document of the 2012 Conference on Sustainable Development.

72. Other delegations expressed the view that the solution to the conservation and sustainable use of marine biological diversity should be sought by maximizing the implementation of existing instruments. With reference to the outcome of the fourth meeting of the Working Group, it was stressed by those delegations that the implementation of existing instruments and the identification of implementation gaps was an equally important part of the process.

4. The road to Rio+20 and beyond

(a) Panel presentations

73. Biliana Cicin-Sain, President of the Global Ocean Forum and Director of the Gerard J. Mangone Centre for Marine Policy, University of Delaware, reflected on oceans and the Rio process, what had been achieved and what needed to be done, focusing on two issues, namely integrated ecosystem-based ocean governance and climate change. She also presented some elements of a possible "oceans package" at the Conference on Sustainable Development, within the framework of the Conference's major themes. Maria Teresa Mesquita Pessôa, Minister Plenipotentiary in the Permanent Mission of Brazil to the United Nations, and member ex officio of the Bureau for the Preparatory Process of the 2012 Conference on Sustainable Development, described the commitments undertaken with respect to sustainable development and oceans. She noted the following as persistent challenges to be addressed: unsustainable fisheries; capacity development for sustainable fisheries; loss of habitat, including coral reefs and mangrove areas; environmental impact assessments; invasive alien species; nuclear waste; ocean acidification and sea level rise; vulnerability of small island developing States; and biodiversity beyond areas of national jurisdiction. She also noted the need to address coordination and cooperation of ocean-related agencies and organizations in the future discussions on an institutional framework for sustainable development. She also recalled that the Johannesburg Plan of Implementation had also called for strengthening the ability of IOC/UNESCO, FAO and other relevant international and regional and subregional organizations to build national and local capacity in marine science and the sustainable management of oceans and their resources.

(b) Plenary and panel discussions

74. Several delegations expressed the view that for the 2012 Conference on Sustainable Development to be a success, it should deliver a strong outcome for oceans, fisheries and biodiversity. The view was expressed that Governments should consider taking bold actions at Rio+20, including the need to reaffirm existing commitments and develop new initiatives. In the light of the various inputs to be made to the 2012 Conference, a coordinated approach with regard to oceans issues was needed in order to avoid a fragmentation of the law of the sea.

75. Many delegations called for linking the "blue economy" to the "green economy", within the context of eradication of poverty and sustainable development. Ocean priorities could be raised to a higher level of international attention and awareness with a view to achieving sustainable development objectives. In the light of the fact that many of the commitments which had been agreed in Agenda 21 and the Johannesburg Plan of Implementation had not yet been implemented, the need for setting realistic targets and goals that would be fully implemented instead of more ambitious targets was also pointed out. The view was expressed that renewed efforts should be directed towards implementation and enforcement of existing measures. It was stressed that the ability of developing countries to attain those targets required continued assistance at the international, regional, national and local levels.

76. A suggestion was made to focus on specific issues, such as food security, ocean acidification and effective conservation and management of marine ecosystems. Several other delegations called for the 2012 Conference on Sustainable Development to place an emphasis on the particular vulnerability and needs of small island developing States. The need to give serious consideration to issues related to sustainable production and consumption, in particular sustainable seafood consumption, was also highlighted. The role of renewable and alternative sources of energy was identified as crucial for the fulfilment of the three pillars of sustainable development and the accomplishment of a "green economy", with the importance of a precautionary approach noted (see also para. 59). The general view was expressed that the 2012 Conference on Sustainable Development should assist the international community in its consideration of effective conservation and management measures for the oceans, including through adequate frameworks, policies and mechanisms.

77. It was noted that the 2012 Conference on Sustainable Development would provide an opportunity to consider the best policy tools for countries to move forward towards a "green economy" while avoiding new "green" barriers to trade. In that regard, the Conference should focus on reform and removal of existing disincentives to "green" growth such as harmful fossil fuel and fisheries subsidies. The proposals for special and differentiated treatment for developing countries, with respect to fisheries subsidies in the context of negotiations within the World Trade Organization were recalled.

78. With particular reference to fisheries, the view was expressed that the outcome of the 2012 Conference on Sustainable Development should ensure that global fisheries were fair, sustainable and accountable. In that regard, the important responsibility entrusted to regional fisheries management organizations and arrangements to conserve and manage global fish stocks was recalled. However, the need to improve the mandate of such organizations was underlined, as was the necessity to apply ecosystem approaches to fisheries. A proposal was made that the General Assembly exercise an oversight role over the performance of the regional fisheries management organizations.

79. With regard to marine biodiversity beyond areas of national jurisdiction, the need for a specific legal regime under the Convention was stressed by many delegations. The role of the International Seabed Authority with regard to the protection and preservation of the marine environment in the area, including marine

biodiversity, as evidenced by the regulations adopted by its Assembly, was pointed out.

80. With respect to area-based management tools, a view was expressed that the 2012 Conference should recognize the need to improve the effectiveness of existing and future marine protected areas to increase marine resilience to climate change and ocean acidification.

81. The need to evaluate the impacts of human activities on the environment to inform policy planning was highlighted. In that regard, the view was expressed that the Conference on Sustainable Development would contribute to raising awareness about the need for impact assessments. A proposal was made that the Conference promote the development of assessment processes, including for cumulative impact assessments of human activities on the marine environment.

82. The role of marine technology transfer in building capacity and in contributing to sustainable development was underscored. It was noted that the cooperation called for under Part XIV of the Convention in relation to the transfer of marine technology could be envisaged in both a North-South and South-South context. It was also observed that the transfer of marine technology required enabling environments that would attract investments.

83. With regard to the institutional framework, it was proposed that a focus be placed on pragmatic reforms of existing institutions rather than larger scale institutional change. The need to enhance cooperation and coordination among the agencies of the United Nations in accelerating the achievement of the goals and targets set in the Johannesburg Plan of Implementation was stressed. A concern was expressed, however, that the establishment of new structures could lead to fragmentation of the law of the sea.

84. The essential role of regional and national institutions was also recognized. The need for institutional frameworks, including at the international level, allowing for integration across the three pillars of sustainable development was highlighted. Closer cooperation among fisheries, environmental and other ocean bodies was considered crucial for an integrated approach to managing ocean issues and addressing cumulative impacts of various human activities.

85. Several delegations proposed that the Informal Consultative Process should agree on specific elements to be forwarded to the Conference on Sustainable Development. These could include: the close link among the three pillars of sustainable development, including seas and oceans, in particular for small island developing States; the need for sustainable development to take into consideration environmental, economic, social and human aspects; the importance of restoring the health of ocean ecosystems as a priority for realizing sustainable development, food security, poverty eradication and the establishment of a sustainable blue economy; the fact that many of the goals on oceans and sustainable development agreed upon at previous summits had not been achieved, in particular those included in chapter 17 of Agenda 21 and in the Johannesburg Plan of Implementation; reconfirming and, where necessary, updating such commitments; taking concrete steps to achieve an integrated and ecosystem-based approach for the management of human activities having an effect on marine ecosystems; tackling emerging issues, such as marine debris, underwater noise, invasive species and their cumulative impacts on biodiversity, including beyond areas of national jurisdiction; enhancing

resilience of marine ecosystems in the face of ocean acidification; linking an ecosystem approach and commitments for the regular assessment of the state of the marine environment as a basis for informed decision-making; further integrating the value of ecosystem services, including the cost of degradation, in decision-making processes, including through market-based mechanisms; the importance of management of fisheries resources in a manner that guarantees their long-term sustainability, including by ensuring that fishing capacity is commensurate with fishing possibilities, through the elimination of harmful subsidies and the application of an ecosystem-based approach to fisheries management; renewing commitments for all economic sectors having an impact on the marine environment, including shipping, offshore energy and land-based impacts; capacity-building and technology transfer; confirming commitments made at other processes, in particular at the tenth meeting of the Conference of the Parties to the Convention on Biological Diversity on marine biodiversity; the importance of marine biodiversity beyond areas of national jurisdiction for the integrity of marine ecosystems, and their related goods and services as an essential element for sustainable development, including for developing countries. The specific legal regime for biodiversity beyond areas of national jurisdiction under the Convention was noted as an element for consideration. They considered that these matters could be brought before the Conference on Sustainable Development for the endorsement of a way forward.

Agenda item 4
Inter-agency cooperation and coordination

86. Andrew Hudson, Principal Technical Advisor, International Waters, United Nations Development Programme, and UN-Oceans Coordinator, reported on the most recent work of UN-Oceans and of the Joint Group of Experts on the Scientific Aspects of Marine Environmental Protection.

87. He informed the meeting about the main outcomes of the ninth meeting of UN-Oceans, held in New York on 17 June 2011, at which participating agencies discussed the possibility of conducting a review of UN-Oceans aimed at identifying its strengths, weaknesses and opportunities for improvement.

88. Mr. Hudson also briefed the meeting about the initiatives taken by member agencies to ensure the visibility of ocean-related topics at the 2012 Conference on Sustainable Development, as well as in the planning and preparation for the Expo 2012, to be held in Yeosu, Republic of Korea, on the theme "The living ocean and coast — diversity of resources and sustainable activities".

89. He provided updates about the various activities of UN-Oceans task forces and informed the meeting about the decision to establish a new Task Force on Marine Debris, co-led by UNEP and IMO, with strong links to the Joint Group of Experts on the Scientific Aspects of Marine Environmental Protection. Mr. Hudson also described ongoing upgrades to the United Nations Atlas of the Oceans, welcomed $45,000 of new funding, and expressed the hope that such financial support would continue on an annual basis. Responding to questions, Mr. Hudson observed that the establishment of new task forces had been made pursuant to one of the core mandates of UN-Oceans on the identification of emerging issues and the establishment of task teams to deal with them, as appropriate.

90. A view was expressed that UN-Oceans should be strengthened and that its transparency, visibility and relevance increased in view of the 2012 Conference on Sustainable Development in accordance with the mandate contained in General Assembly resolution 57/141 and that participation of member States in the work of UN-Oceans should be given consideration. The suggestion was made that a review of UN-Oceans may also benefit from lessons learned from other inter-agency coordination mechanisms, such as UN-Water and UN-Energy.

91. With regard to how UN-Oceans could coordinate the scheduling of ocean-related meetings to avoid overlaps, Mr. Hudson suggested that the circulation of a calendar of existing ocean-related events could assist UN-Oceans members in planning future events. It was further noted that such a task is expected to be done by the secretariats, which are part of UN-Oceans.

92. Mr. Hudson recalled the scientific contribution of the Joint Group of Experts towards the advancement of chapter 17 of Agenda 21 and the Johannesburg Plan of Implementation, and drew attention to its work, including on ballast waters, atmospheric emissions from ships and coastal pollution sources, and ocean acidification in areas of heavy shipping traffic. In the light of the harmful effects of invasive species on marine ecosystems, States were called upon to ratify the International Convention for the Control and Management of Ships Ballast Water and Sediments.

93. Mr. Hudson also underscored the continuing availability of the Joint Group of Experts to contribute to the Regular Process, if requested, and recalled the partnership with the Global Environment Facility Transboundary Waters Assessment Programme. He further highlighted the work of the Joint Group of Experts on emerging issues, such as microplastics, and the availability of the Joint Group of Experts to provide its scientific contributions to States and international organizations.

94. The role of the Joint Group of Experts as an inter-agency scientific committee was noted, and reference was made to the difficulties the Joint Group of Experts continued to face in its work because of a lack of funding.

Agenda item 5
Process for the selection of topics and panellists so as to facilitate the work of the General Assembly

95. With regard to the topics to be discussed at upcoming meetings of the Informal Consultative Process, several delegations recalled the conclusion reached at the tenth meeting that the Informal Consultative Process should address issues related to the three pillars of sustainable development. The view was expressed that conservation and development were interlinked and therefore could not be examined independently from each other.

96. Several delegations reiterated the need for concept papers to be preferably circulated no later than the first round of informal consultations of the General Assembly on the resolution on oceans and the law of the sea, to allow delegations sufficient time to study them. The practice of choosing topics for at least two consecutive years was considered productive, although caution was raised at this suggestion, as adequate examination of proposed topics is needed.

97. The difficulty of organizing panels was recognized and several delegations noted the need to allow the Co-Chairs some degree of flexibility. The important role of the Co-Chairs in identifying and inviting competent individuals to participate as panellists and in maintaining the appropriate regional balance was also stressed.

98. Some delegations stressed the usefulness of the preparatory meeting and in this connection welcomed the efforts of the Co-Chairs to consult Member States.

99. The Co-Chairs reiterated their appeal to contribute to the voluntary trust fund established under General Assembly resolution 55/7 to assist the representatives of developing States, in particular least developed States, small island developing States and landlocked developing States, to attend the meetings of the Consultative Process as an essential means to ensure participation of both experts and attendees from developing countries. The Secretariat provided an update on the status of the Trust Fund.

Agenda item 6
Issues that could benefit from attention in the future work of the General Assembly on oceans and the law of the sea

100. The attention of the meeting was drawn to the composite streamlined list prepared by the Co-Chairs of issues that could benefit from attention in the future work of the General Assembly on oceans and the law of the sea.[2] An intergovernmental organization highlighted the issue of climate change and, in particular ocean acidification, as directly linked to all three pillars of sustainable development. It noted, in this regard, that the increase of ocean acidification was directly linked to shifts in concentration of fish, negative impacts on corals and to the transmission of ocean noise. Another source of concern was the harmful effect of acidification on coral reefs that serve as vital fish habitats that protect food and employment and also coastal communities from storm surges.

[2] Available from http://www.un.org/depts/los/consultative_process/consultative_process_info.htm#-List%20of%20issues.

A/66/187

Readex
Fiche

United Nations A/66/187

General Assembly

Distr.: General
26 July 2011

Original: English

Sixty-sixth session
Item 21 of the provisional agenda*

Culture and development

Note by the Secretary-General

The Secretary-General hereby transmits the report prepared by the United Nations Educational, Scientific and Cultural Organization in accordance with General Assembly resolution 65/166.

* A/66/150.

11-43159 (E) 120811

Please recycle

Culture and development

Report of the Director-General of the United Nations Educational, Scientific and Cultural Organization

Summary

The present report, prepared by the United Nations Educational, Scientific and Cultural Organization (UNESCO), presents progress made in the implementation of General Assembly resolution 65/166, entitled "Culture and development", and includes an assessment of the value and desirability of organizing a United Nations conference on culture and development. To this end, the report outlines the work undertaken by 18 United Nations entities, demonstrating the contributions of culture to development. In addition, it presents the value of convening such a conference, assessing the aim, level, format, timing and the budgetary implications. It also includes recommendations for enhancing progress towards further integration of culture into development policies and practice.

Contents

		Page
I.	Introduction	3
II.	Background	3
III.	Interface between culture and development	4
IV.	Progress of implementation in the United Nations system	6
V.	Assessment of modalities for a United Nations conference on culture and development	19
VI.	Conclusions	20

I. Introduction

1. The present report is submitted in accordance with General Assembly resolution 65/166, entitled "Culture and development", in which the Assembly requested the Secretary-General, in consultation with the Director-General of the United Nations Educational, Scientific and Cultural Organization and relevant United Nations bodies and multilateral development institutions, to submit to the Assembly at its sixty-sixth session a progress report on the implementation of the resolution and to include therein an assessment of the value and desirability of organizing a United Nations conference on culture and development, including its aim, level, format and timing, as well as budgetary implications.

2. The most recent report on the topic of culture and development (A/59/202) concerned the implementation of General Assembly resolution 57/249.

II. Background

3. The evolution of the concept of development from a singular universal model and vision to a broader concept that entails multiple and diverse paths has resulted in a human-centred approach to development. This broadening of the development paradigm has gradually paved the way for acknowledging the indispensable role of culture in sustainable development. Consequently, a vision of sustainable development that better reflects the complexities of societies and the contextual implications has emerged. The 1996 report of the World Commission on Culture and Development, entitled Our Creative Diversity, contributed to the conceptual advancement highlighting the fundamental cultural dimension of a human-centred development model, and proposed that culture be prioritized in development policies. UNESCO was entrusted to lead the World Decade for Cultural Development from 1988 to 1997. The decade culminated in the Stockholm Intergovernmental Conference on Cultural Policies for Development, which called for a cultural approach to human development and marked cultural policy as one of the key elements of development strategy.

4. Despite significant progress since the Stockholm Conference, the nexus between culture and development is still inadequately reflected in international development policies and culture remains ancillary in the development equation as defined by the different development objectives and measures. However, recent global developments signal a welcome trend towards the systematic integration of culture into development strategies and programmes. Among the eight thematic windows established to sustain the attainment of the Millennium Development Goals, the culture and development window of the Millennium Development Goals Achievement Fund, financed by Spain, has provided an unprecedented opportunity to document the link between culture and development. Furthermore, the outcome document of the High-level Plenary Meeting of the General Assembly on the Millennium Development Goals at its sixty-fifth session (General Assembly resolution 65/1) emphasized the importance of culture for development and its contribution to the achievement of the Goals. It also encouraged international cooperation in the cultural field, aimed at achieving development objectives. This was reaffirmed by Assembly resolution 65/166, which called for the integration of culture into global and national development policies. Moreover, the Economic and Social Council recently adopted "Science, technology and innovation, and the

potential of culture, for promoting sustainable development and achieving the Millennium Development Goals" as the theme for the annual ministerial review, to be held at its substantive session of 2013. The preparations for the United Nations Conference on Sustainable Development (Rio+20 Conference), scheduled to take place in 2012, provide an opportunity to genuinely assess the integration of the cultural dimension in development.

III. Interface between culture and development

5. The relationship between culture and development is multifaceted. In addition to its intrinsic value, culture contributes to both the process and outcome of development. It has a cross-cutting role in achieving development goals and is a driver of development in its own right. Development initiatives and approaches that prioritize culture are likely to result in inclusive and context-sensitive development that yields equitable outcomes and enhances ownership by target beneficiaries. As such, development must be rooted in local cultures and knowledge and tailored to local circumstances in order for overall ownership to be enhanced, in line with the Paris Declaration on Aid Effectiveness. Consequently, the inclusion of the cultural dimension in the conception, measurement and practice of development is key to attaining and sustaining development objectives.

6. The culture sector, encompassing cultural heritage, creative and cultural industries, cultural tourism and cultural infrastructure, generates substantial economic benefits, including job creation. Despite the lack of reliable and consolidated data on the socio-economic contribution of culture, cultural industries account for more than 3.4 per cent of the global gross domestic product, with a global market share of approximately 1.6 trillion United States dollars in 2007, which represents almost double the amount estimated for international tourism receipts for the same year, according to a report carried out by PricewaterhouseCoopers in 2008. As outlined in the same report, cultural and creative industries represent one of the most rapidly expanding sectors in the global economy, with a growth rate of 17.6 per cent in the Middle East, 13.9 per cent in Africa, 11.9 per cent in South America, 9.7 per cent in Asia, 6.9 per cent in Oceania, and 4.3 per cent in North and Central America. The report also records how the culture sector grew steadily in the 1980s and exponentially in the 1990s, when the creative economies in the member countries of the Organization for Economic Cooperation and Development grew at an annual rate twice that of service industries and four times that of manufacturing.

7. National economies significantly benefit from the cultural sector. For instance, IBF International Consulting reported in 2007 that Mali's culture sector accounted for 5.8 per cent of employment in 2004 and 2.38 per cent of the gross domestic product in 2006, while Thailand has an estimated two million craft workers, of whom almost half work full time in the craft trade. Similarly, the creative sector in Brazil contributed 6.7 per cent of the gross domestic product in 1998, according to UNESCO data in "The power of culture for development". Promoting and further developing the culture sector as a powerful economic sector generates employment and provides outlets for innovation.

8. The tourism sector has diversified to become one of the fastest growing economic sectors, especially in developing countries. Gross worldwide tourism

receipts grew at an average rate of 7 per cent from 1998 to 2008; according to figures released in June 2011 by the World Tourism Organization (UNWTO), the rate of growth in the least developed countries, for the same period, was 12 per cent. In 2010, international tourism generated 919 billion dollars in export earnings. Emerging and developing countries accounted for 47 per cent of world international tourism arrivals and 36.9 per cent of world international tourism receipts in 2010. Cultural tourism presently accounts for 40 per cent of world tourism revenues. Cultural heritage sites in general, and in particular, those inscribed on the UNESCO World Heritage List, generate substantial revenues and employment from tourism. The same applies to intangible cultural heritage, which sustains living cultural expressions and traditional know-how, as well as performing arts. Museums and other cultural institutions also significantly contribute to economic investments and benefits. Therefore, identifying tourism as a subsector for investment would encourage investment in infrastructure and stimulate local development.

9. Though inherently complex and difficult to quantify, investing in intercultural dialogue can help prevent conflicts, build peace and protect the rights of marginalized groups, thus creating conditions for achieving development goals. By promoting understanding and reconciliation, intercultural dialogue transcends barriers between and within cultures, serving as a valuable lever to counter ignorance, prejudice and exclusion. In addition to fostering social cohesion, culture is an essential component of human development, as it provides a sense of identity and is a source of creativity at both individual and societal levels. With globalization and technological advances presenting opportunities as well as threats, culture-sensitive approaches help to protect vulnerable communities from the pressure of homogenization, to the enrichment of all societies.

10. Local and indigenous knowledge systems and environmental management practices provide valuable insight and tools for tackling ecological challenges, preventing the loss of biodiversity, reducing land degradation and mitigating the effects of climate change. With the profound development implications of climate change, capitalizing on the positive practices embedded in traditional cultures that value the balance between the natural and human worlds can contribute towards achieving development objectives. Seeking synergies between traditional and modern environmental practices and strengthening community participation in conservation initiatives are central aspects of environmental sustainability.

11. Although there is no explicit reference to culture in the Millennium Development Goals, culture bears direct and indirect effects on their attainment. The cultural dimension in development reinforces national ownership of development initiatives by ensuring responsive and context-appropriate development policies, aligned with national development priorities. The economic prospects of the culture sector are particularly relevant for developing countries, given their rich cultural heritage and substantial labour force. Sustainable tourism and the culture and creative industries are strategic outlets for income generation and poverty reduction. Cultural industries require limited capital investment and have low entry barriers. Culture-related economic opportunities are not easily outsourced, making them attractive to investors. Effective promotion of the cultural industries is likely to have direct impact on vulnerable populations, owing to the significant reliance of the culture economy on the informal sector, where poor and marginalized populations, including women, often find employment, and can thereby stimulate social inclusion while maximizing jobs and trade opportunities. Development experiences indicate

that the economic empowerment of women frequently results in a multiplier effect, with community gains and economic growth. Besides empowering marginalized communities, the cultural industries encourage innovation, support skill development and generate entrepreneurial capital within local communities.

IV. Progress of implementation in the United Nations system

United Nations Educational, Scientific and Cultural Organization

12. As the only United Nations agency with a specific mandate in the field of culture, UNESCO strategic programmes are diverse and seek to foster cultural diversity, intercultural dialogue and a culture of peace, as well as to demonstrate the fundamental linkage between culture and sustainable development. For UNESCO, the cultural dimension of development entails protecting and promoting cultural diversity in all its manifestations, including safeguarding tangible and intangible cultural heritage, preserving the diversity of cultural expressions, mainstreaming cultural approaches to the prevention of HIV/AIDS and to material health, as well as advancing culturally sensitive policies and actions.

13. During the past year, UNESCO has consolidated the repositioning of culture in development through a range of analytical, normative, technical and operational initiatives and tools. Among other benefits, these initiatives advanced the aims of the resolution. Multiple donors support UNESCO culture-related operational projects that promote local development.

14. Eight normative instruments, including seven conventions, guide UNESCO engagement in the field of culture. These are: the Universal Copyright Convention; the Convention for the Protection of Cultural Property in the Event of Armed Conflict; the Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property; the Convention Concerning the Protection of the World Cultural and Natural Heritage; the UNESCO Universal Declaration on Cultural Diversity; the Convention on the Protection of the Underwater Cultural Heritage; the Convention for the Safeguarding of the Intangible Cultural Heritage; and the Convention on the Protection and Promotion of the Diversity of Cultural Expressions. Drawing on these instruments, UNESCO has developed several tools and capacity-building activities to pursue the global culture and development agenda.

15. With regard to the Convention on the Protection and Promotion of the Diversity of Cultural Expressions, in particular its provisions for the promotion of cultural industries and expressions, capacity-building initiatives include an expert facility programme (totalling 1 million euros and funded by the European Union) that seeks to strengthen the system of governance for culture through technical assistance missions. In addition, UNESCO has produced a series of innovative policy, research and educational tools, such as the policy guide for developing cultural and creative industries and the online resource hub, "Culture and creative industries around the world". Also in the framework of that Convention, UNESCO encourages public-private partnerships through its Global Alliance for Cultural Diversity, a mechanism that promotes collaborative arrangements to strengthen cultural industries in developing countries. With funds in excess of 4 million dollars, the International Fund for Cultural Diversity currently supports 31 projects from

24 developing countries. These projects will contribute to a global database on best practice for culture and development projects.

16. In relation to the Convention for the Safeguarding of the Intangible Cultural Heritage, a large-scale capacity-building programme supporting ratification and effective implementation has been launched. A group of 60 experts, including 20 from Africa, received training and continue to participate in more than 30 capacity-building activities worldwide. The global capacity-building strategy is supported by the Fund for the Safeguarding of the Intangible Cultural Heritage and by extrabudgetary contributions, amounting to approximately 10 million dollars for a two-year period.

17. In line with the Universal Declaration on Cultural Diversity, UNESCO developed the "Cultural Diversity Lens", a tool that enables policymakers and practitioners to assess development policies and programmes from a cultural diversity perspective. Employing this lens, UNESCO conducted workshops that led to the review of 12 United Nations Development Assistance Framework documents and outcomes, of 8 joint programmes of the United Nations and of 50 project documents. Furthermore, the cultural policies of nine countries were reviewed to reflect cultural diversity principles and 11 United Nations country teams were trained to take culture into account when designing programmes and strategies.

18. To inform national policymakers of the need to protect underwater cultural heritage from looting, UNESCO, in collaboration with different partners, organized seven regional conferences on the Convention on the Protection of the Underwater Cultural Heritage. These meetings focused on improving legal protection, raising awareness of underwater heritage conservation and capacity-building in the field of underwater archaeology and heritage management.

19. In the framework of the preparations for the recently adopted global World Heritage Capacity-Building Strategy, 2,864 individuals participated in 32 capacity-building trainings conducted in 5 regions, with women representing 37 per cent of participants. In 2012, the theme of the commemoration of the fortieth anniversary of the Convention Concerning the Protection of the World Cultural and Natural Heritage will be "World Heritage and sustainable development: the role of local communities in the management of World Heritage Sites". UNESCO continues to work on case studies, in the framework of other conventions, that demonstrate the crucial role of local communities in the socio-economic development of World Heritage sites, while maintaining their outstanding universal value and integrity. A coordination meeting with the secretariats of other biodiversity-related conventions took place in April 2011.

20. Regarding the Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property, UNESCO combats illicit trafficking of cultural objects through strategic partnerships, awareness-raising and capacity-building. Several legal, practical and awareness-raising tools, such as the Database of National Cultural Heritage Laws, have been developed. National and regional trainings organized by UNESCO in 2011 include workshops in Egypt, Mongolia, Namibia and the Philippines.

21. In addition, UNESCO has undertaken measures to respond to the increased demand for data and to support the strategic integration of culture in development policies. To better measure the impact and relevance of cultural policies and

initiatives, the UNESCO Institute for Statistics developed the UNESCO Framework for Cultural Statistics, a tool that defines culture for statistical purposes and allows for the production of internationally comparable data. The Institute is also advancing rapidly on the production of data on employment in the culture sector. Building on recently generated data and experiences gained from implementing culture-related development projects worldwide, the innovative culture for development indicator suite informs decision-making by providing qualitative and quantitative indicators covering seven development areas.

22. To respond to the global HIV/AIDS epidemic, the UNESCO culture, HIV and AIDS programme supports policy and planning that is gender-responsive, human rights-based and built on a thorough analysis of the sociocultural specificities of the communities concerned. Culturally appropriate approaches stress the need for multiple, context-specific biomedical, behavioural and structural interventions. UNESCO developed a series of guideline materials for the design of cultural approaches to HIV/AIDS prevention and care, including an interactive e-learning tool for project officers. Other programme activities include nurturing "enabling environments" for culturally appropriate HIV and AIDS policies, and strengthening local research.

23. The contribution of the culture and creative industries to sustainable development is strengthened through the culture and development window of the Achievement Fund, of which UNESCO has been designated Convenor. With a budget of 95 million dollars, 18 joint programmes are supported worldwide under this inter-agency initiative, which builds on culture as an asset for socio-economic development and a factor for social cohesion and peace. The cultural dimensions covered by the programmes range from cultural heritage to cultural industries and cultural tourism to intercultural dialogue. National ownership with community-based action is one of numerous strengths of the joint programmes, which involve coordination with economy and finance, culture, tourism and environment ministries. The joint programmes on culture and development have produced a number of tangible results in areas such as tourism, heritage promotion and conservation, craft and creative industries and intercultural dialogue. As living laboratories for "Delivering as one", the joint programmes have generated considerable innovation and knowledge in terms of inter-agency cooperation and programming and have contributed to advancing United Nations reform at the country level, building on the comparative advantage of each entity.

24. A two-year knowledge management system project on culture and development aims to capitalize on the experience of the 18 joint programmes on culture and development funded by the Achievement Fund, and to capture, codify, translate and disseminate knowledge with a view to learning, raising awareness and informing future development policy and programming. The project will enable the further assessment of the linkages between culture and development, including the impact of culture on the achievement of the Millennium Development Goals.

25. On 1 July 2011, UNESCO and the World Bank signed a memorandum of understanding formalizing ongoing cooperation on culture and development, with a framework for technical work in the areas of preservation and rehabilitation of historic cities, conservation of natural heritage sites, cultural indicators, the economics of culture and the promotion of cultural diversity. UNESCO is exploring other potential partnerships to strengthen culture and development linkages.

26. UNESCO supports multiple efforts geared at harnessing indigenous knowledge. It coordinated the elaboration of a joint reflection paper by the Inter-Agency Support Group on Indigenous Peoples' Issues, on the theme of indigenous people and the role of their culture and identity in development, in the light of the United Nations Declaration on the Rights of Indigenous Peoples, as a contribution to the ninth session of the Permanent Forum on Indigenous Issues. In addition, UNESCO further consolidated its support for cultural approaches to natural resources management, including the preservation and application of local and indigenous knowledge for environmental sustainability, through a joint programme with the secretariat of the Convention on Biological Diversity. Strengthening the linkages between culture and biodiversity, the joint programme employs a holistic approach consistent with cultural values, knowledge systems and livelihoods that contributes to conservation as well as the sustainable and equitable use of biodiversity.

27. With the aim of optimizing the contribution of culture to sustainable development, field offices have implemented General Assembly resolution 65/166 through capacity-building, awareness-raising, knowledge exchanges, culture mainstreaming, fund mobilization and support for the strengthening of national legal and policy frameworks.

28. In response to the General Assembly's request, the Director-General of UNESCO invited all relevant United Nations bodies to provide contributions on the implementation of the resolution, since its adoption on 20 December 2010. The following 17 organizations responded.

United Nations Development Programme

29. The primary engagement of the United Nations Development Programme (UNDP) in the area of culture and development is through the culture and development window of the Achievement Fund. Alongside other United Nations entities, UNDP participates in the implementation of the 18 joint programmes on culture and development. UNDP administers the Fund on behalf of the United Nations system.

30. UNDP implements other initiatives aligned with General Assembly resolution 65/166, including the biennial Equator Prize that supports efforts to reduce poverty through the sustainable use of biodiversity, and promotes sustainable development that respects the rights of indigenous people through the Global Environment Facility Small Grants Programme. Under the first pillar of its Millennium Development Goals "Breakthrough Strategy", UNDP continues to implement the Millennium Development Goals acceleration framework for 14 countries across the globe. The tool, developed by UNDP and endorsed by the United Nations Development Group, aids Governments and development partners in examining issues of participation, discrimination and cultural exclusion, in line with resolution 65/166, as they relate to bottlenecks hampering the progress of interventions based on the Millennium Development Goals. The bottleneck assessment under the framework includes questions concerning reducing language barriers and respecting indigenous peoples' practices in public services such as health and education.

31. On 20 May 2011, UNDP, the Office of the United Nations High Commissioner for Human Rights, the International Labour Organization and the United Nations Children's Fund launched the first global United Nations inter-agency initiative to

advance the rights of indigenous peoples, the United Nations Indigenous Peoples' Partnership. Furthermore, the *Human Development Report*, together with other UNDP publications, underscores culture as an integral part of sustainable development and achieving the Millennium Development Goals. In addition, the Assistant Administrator of UNDP launched a new report, in collaboration with the United Nations Conference on Trade and Development (UNCTAD), entitled *Creative Economy Report 2010: a Feasible Development Option*, which reviews the market situation for creative industries and the potential of cultural industries for developing countries that seek to diversify their economies and progress in one of the most vibrant sectors of the world economy.

Development Operations Coordination Office

32. Pursuant to paragraph 6 of the resolution, the Development Operations Coordination Office communicated the text of the resolution to all resident coordinators, inviting them to further integrate and mainstream culture into their programmes within the United Nations Development Assistance Framework. Currently, some 60 per cent of the programmes under the Framework (in 112 countries) reference culture and/or include a cultural component in their activities.

United Nations Industrial Development Organization

33. In its strategy for the development of creative industries, the United Nations Industrial Development Organization (UNIDO) seeks to empower entrepreneurial women, youth, rural groups and peripheral communities to respond to market opportunities utilizing the rich creative cultural heritage and diverse creative knowledge to produce innovative goods and services. To this end, a targeted environment of policy support measures, microcredit as well as venture funds and business support mechanisms are put in place. In relation to the economic potential of creative knowledge for multimedia and audio-visual production, UNIDO assisted eight island States in the Caribbean to promote entrepreneurship, develop frameworks and enhance institutional capacities for business development services for the creative industries. Through South-South Cooperation, the project built the capacities of national as well as regional counterparts, using UNIDO methodologies for entrepreneurship development and business development services.

34. UNIDO supports specific policies and advocacy measures to redress exclusion of indigenous communities from the benefits of activities related to creative industries. For example, the "Entrepreneurship for Creative Industries" project in China, implemented within the United Nations Development Assistance Framework "Outcome One" programme for 2008-2011, seeks to develop social and economic policies for human-centred, sustainable and equitable growth.

35. Under the prevailing conditions of global competition and concerns for harnessing environment-friendly resources, creative industries are considered to be a key sector for operationalizing new perspectives and technologies, through sustainable national and industrial development strategies for poverty reduction. UNIDO has produced two substantial documents on creative industry development. In response to increasing requests from Member States, UNIDO intensified its technical assistance to promote the development of cultural assets through the creative industries. That includes addressing insufficient quality standards, inadequate supply capacity, insufficient market linkages and limited

commercialization of creative industries. Furthermore, UNIDO developed relevant linkages with other sectors, including agribusiness, in order to enhance the potential for job creation and human development, based on traditional and cultural heritage.

World Tourism Organization

36. The World Tourism Organization (UNWTO) recognizes sustainable tourism as a powerful tool for development and cultural diversity and as a key contributor to local economies worldwide. The advancement of sustainable tourism, in a manner that establishes a balance between environmental, economic and sociocultural aspects of tourism development, lies at the heart of UNWTO programmes. The Global Code of Ethics for Tourism, the guiding policy document of UNWTO, unequivocally affirms the importance of culture for sustainable development, economic growth, human enrichment and poverty eradication. The Code promotes cultural diversity and advocates for cultural tourism as an essential component of sustainability.

37. Within the framework of its capacity-building activities, UNWTO developed a tourism management programme at heritage sites to facilitate the development of policy and operational guidelines for addressing tourist congestion at cultural and natural heritage sites, and for enhancing the tourism sector's ability to develop and present destinations and heritage sites in a more comprehensive manner.

38. UNWTO acknowledges that linking tourism with cultural heritage better serves local economies. When managed well, cultural tourism protects a nation's natural and cultural treasures and improves the quality of life for residents and visitors. A handbook for the tourism sector on communicating heritage will further contribute to capacity-building activities on cultural tourism and consolidate the creative sector. The first UNWTO study on tourism and intangible cultural heritage, which is expected to be published in 2011, provides comprehensive research and innovative forms of policymaking through case study analysis, drawn from across five continents, on the links between tourism development and intangible cultural heritage. UNWTO is a member of the steering group for the UNESCO programme on World Heritage and sustainable tourism.

39. The Technical Cooperation and Services Department of UNWTO implements many cooperation projects where culture is the major focus. The tourism development master plan for the State of Punjab in India includes sustainable development of cultural tourism at some of the prime locations in the State, where cultural tourism will open up new avenues for socio-economic development of the local communities through job creation and income generation, particularly for youth and women. Within the framework of the Achievement Fund, UNWTO, together with other United Nations entities, is implementing the joint programme for the mobilization of the Dahshur World Heritage Site for community development in Egypt.

40. In 2002, the UNWTO "Sustainable Tourism Eliminating Poverty" initiative was launched to reduce poverty levels by promoting sustainable forms of tourism. To date, 24 regional and national trainings on tourism and poverty reduction have been organized to build capacities among public officials, non-governmental organizations, the private sector and communities in developing countries, with a total participation of over 2,000 officials. With the support of a wide range of public and private sector organizations, 97 projects are already being implemented,

benefiting 33 developing countries. Projects range from the training of local guides and hotel employees to facilitating the involvement of local residents in tourism development around natural and cultural heritage sites and establishing business linkages between poor producers and tourism enterprises. Relevant examples of such projects with a clear cultural heritage component can be found in several countries, including Ethiopia, the Lao People's Democratic Republic and the United Republic of Tanzania. Finally, UNWTO has published five reports providing evidence of the impact of tourism in reducing poverty levels, as well as recommendations on how to maximize these impacts.

World Bank

41. The World Bank's policies support culture as a key component of the development paradigm, with significant implications for social cohesion, opportunities for economic growth and positive synergies with poverty reduction strategies. Cultural considerations and cultural development objectives have been set for an increasing number of projects that are primarily generated in the following areas: (a) urban development, which promotes the rehabilitation of historic cities and sites, their accessibility, conservation and presentation; (b) local economic development, as it relates to the activities of small and medium enterprises, especially of the informal sector, which lie at the core of handicrafts production and commerce; (c) social development, which promotes cultural diversity in order to ensure social cohesion among diverse social groups and the integration of indigenous peoples, minorities and migrants into the social fabric; and (d) sustainable tourism development, which promotes economic investments primarily in the hospitality business and services related to natural and cultural landscapes. The total volume of the World Bank's investments in development projects with a cultural dimension has increased from 1.3 billion dollars, between 1990 and 1999, to 4 billion dollars between 2000 and 2009, with a majority of the investments generated under urban development.

42. The World Bank's assistance to the Governments of developing countries and emerging economies extends to analytical work and technical assistance to assess institutional frameworks and improve the effectiveness of national and local agencies responsible for the management of cultural assets. The World Bank also conducts research work on policy topics such as cultural economics and the threats to cultural heritage caused by increasing natural hazards and the impact of climate change.

International Fund for Agricultural Development

43. As part of the International Fund for Agricultural Development (IFAD) engagement with indigenous peoples, the following activities were carried out in 2011, in order to raise public awareness of indigenous peoples' cultural diversity. In May, at the meeting of the World Summit on the Information Society Forum in Geneva, IFAD delivered a presentation entitled "Promoting indigenous peoples' education — IFAD engagement with indigenous peoples", which highlighted development with culture and identity. In June, IFAD sponsored the first "Indigenous Terra Madre" forum, an event focused on strengthening the food cultures of indigenous peoples and creating spaces for the expression of indigenous voices in the ongoing food and climate debate.

44. IFAD is currently implementing its policy on engagement with indigenous peoples, which includes principles of engagement relating to "cultural heritage and identity as assets", through which IFAD will build upon indigenous peoples' cultural distinctiveness and assist communities in taking full advantage of their traditional knowledge, culture, governance systems and natural resources. The IFAD Indigenous Peoples Assistance Facility finances projects designed and implemented by indigenous peoples' communities and includes "development with culture and identity" as one of the selection criteria for financing. At an IFAD workshop in February 2011, the process of establishing an indigenous peoples' forum at IFAD was initiated. The forum's objectives would include the strengthening of partnerships between IFAD and indigenous peoples, in order to address poverty and sustainable development with culture and identity.

45. IFAD funded a grant to Oxfam Italy for a project addressing the marginalization of poor farmers and migrants from Ecuador, Morocco and Senegal through market linkages and the promotion of diversity. The project empowers poor rural communities and enhances their income generation opportunities by rescuing and conserving target plant species and their associated indigenous knowledge; enhancing cultivating practices; developing commercialization and marketing; and raising public awareness on the value of target species in nutritional security, health and income generation. An important dimension of the programme was to ensure cultural continuity.

46. The IFAD Indigenous Peoples Assistance Facility has supported a wide variety of microprojects focusing on indigenous traditional knowledge and community practices of environmental management. Several such projects revitalized traditional agricultural systems and handicraft techniques, while others aimed at valuing and strengthening indigenous peoples' communities' identities, traditional customs and languages.

World Intellectual Property Organization

47. Consistent with the World Intellectual Property Organization (WIPO) focus on the linkage between intellectual property and the preservation of the public domain, WIPO undertook a series of initiatives, including the second survey on voluntary registration and deposit systems (on repositories of cultural and historical heritage); the scoping study on copyright and related rights and the Public Domain (a comparison of national legislations that directly or indirectly define the public domain); and the survey of private copyright documentation systems and practices. In October 2011, WIPO will organize a conference on copyright documentation and infrastructure to showcase the findings.

48. More than 35 countries have used the WIPO Guide on Surveying the Economic Contribution of the Copyright-based Industries, which includes industries considered to be of great cultural value. This informs national development as measured through gross domestic product, employment and trade statistics. Several countries use the outcome reports and studies as a basis to further study and develop their creative and cultural industries-related policy. Furthermore, WIPO assists member States in developing national strategies on the creative industries. The Creative Industries Division of WIPO has developed several publications on specific creative industries. A guide to assessing the economic, social and cultural impact of the creative industries is being developed. The multi-stakeholder project includes

inputs from UNESCO and Eurostat, among others, and is designed to enable countries to address cultural and developmental policy issues.

49. Upon request, WIPO conducts capacity-building activities. In 2011, the Copyright Development Services Division organized 20 activities, including 7 national, 7 regional and 2 interregional training programmes, and 4 expert missions for developing countries. Moreover, the Traditional Knowledge Division of WIPO, in collaboration with the Government of Oman, organized an international technical symposium entitled "Intellectual property and sustainable development: documentation and registration of traditional knowledge and traditional cultural expressions", held in June 2011. In May 2011, WIPO and the International Council of Museums signed a memorandum of understanding pledging collaboration and cooperation on intellectual property issues of interest to museums. WIPO participated in several awareness-raising and technical cooperation activities in numerous countries. Notably, WIPO participated in the work of the independent expert in the field of cultural rights on access to cultural heritage. Lastly, WIPO produced a United Nations Television and Video film entitled "Digitizing traditional culture in Kenya".

Food and Agriculture Organization of the United Nations

50. In 2011, the Food and Agriculture Organization of the United Nations (FAO) and UNESCO will jointly organize a workshop on the quality of food and agricultural products. To prepare for the workshop, FAO initiated a study on the potential of origin-linked products to preserve and promote the UNESCO Programme on Man and the Biosphere, World Heritage sites, the FAO Globally Important Agricultural Heritage Systems and other areas of natural and cultural interests. The workshop will identify areas in which FAO and UNESCO can further collaborate in the preservation and promotion of natural and cultural heritage.

United Nations Environment Programme

51. The United Nations Environment Programme (UNEP) emphasizes the importance of a holistic approach to achieving environmental protection and sustainable development, including the interlinkages between global environmental changes and adverse social, cultural and economic effects. In the light of the decision by the Governing Council of UNEP, at its sixteenth session, to focus on environment and cultural diversity, UNEP environmental protection activities include biodiversity, traditional knowledge, indigenous languages and practices, cultural diversity and biodiversity and cultural behaviours. UNEP, in the fifth report of its Global Environment Outlook series, will consider the interlinkages between knowledge and practices of indigenous communities, and the goals of conservation and sustainable use; the analysis will be submitted as a contribution to the preparation process for the United Nations Conference on Sustainable Development.

52. Key initiatives include the production of awareness-raising materials for the annual celebration of the International Day of the World's Indigenous People and for several UNEP publications, such as the special issue of the youth magazine "TUNZA" on indigenous knowledge and the environment and articles on indigenous knowledge in "The Environment Times", a publication of the UNEP Global Resource Information Database in Norway (GRID-Arendal).

53. Using the framework of multilateral environment agreements, UNEP focuses on identifying cultural and community rights to biodiversity management, including conservation, sustainable use and access to genetic resources and benefit-sharing. Linking the concepts of access- and benefit-sharing and traditional knowledge, UNEP worked with relevant stakeholders, including UNESCO, to develop a set of biocultural community protocols to help mainstream culture, biodiversity management and traditional knowledge into livelihood securities, economic well-being and sustainable development. In 2010, a website developed jointly with UNESCO was launched by UNEP, as part of the International Year of Biodiversity, to showcase work on biocultural community protocols. A policy brief on communities and well-being, developed by UNEP and other partners and addressing rights-based approaches, development and community knowledge services, was distributed at the tenth meeting of the Conference of the Parties to the Convention on Biological Diversity, held in Nagoya, Japan, in October 2010.

54. UNEP is one of five United Nations entities participating in a joint programme in Namibia, funded by the Achievement Fund. The project builds on cultural and natural heritage as a basis for the development of cultural tourism and targets ethnic minority groups. UNEP is responsible for mainstreaming environment into cultural tourism by supporting the Government of Namibia in more effectively integrating and implementing the principles of cultural and natural diversity into sustainable development policies and activities.

55. In 2010, UNEP supported a project on the involvement of African non-governmental organizations in the access- and benefit-sharing process. It explored the role of such organizations in the protection of traditional knowledge, awareness-raising and capacity-building in local communities in the context of traditional knowledge as it relates to access- and benefit-sharing legislation in some African countries. Furthermore, UNEP, in partnership with several organizations, including the Drought Monitoring Centre of the Climate Prediction and Applications Centre of the Intergovernmental Authority on Development (IGAD) concluded a project on harnessing and application of indigenous knowledge in nature conservation and natural disaster management in Africa. This knowledge, in line with African traditions, has been handed down orally from generation to generation, hence the compelling need to document it. In 2010, a book entitled *Traditional Knowledge in Policy and Practice: Approaches to Development and Human Well-being* was published by the United Nations University Press, with support from UNEP. Within the framework of the Convention on Biological Diversity articles on access- and benefit-sharing and traditional knowledge, UNEP assisted Parties to the Convention to finalize traditional knowledge-related work programmes and complete negotiations under the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from Their Utilization to the Convention on Biological Diversity.

United Nations Conference on Trade and Development

56. Since 2000, the United Nations Conference on Trade and Development (UNCTAD) mandate has included conducting policy-oriented research to assist developing countries in identifying innovative policy options for optimizing the economic contributions of the creative industries, in order to foster trade and development gains towards the achievement of the Millennium Development Goals. The UNCTAD Creative Economy Programme works on the development

dimensions of creative industries. Key contributions of UNCTAD include the joint UNCTAD and UNDP "Creative Economy" reports of 2008 and 2010, as well as the UNCTAD global database on the creative economy. UNCTAD Creative Economy Programme e-news raises awareness of the importance of culture and the growing contributions of the creative economy to fostering sustainable and inclusive development, facilitates networking and partnerships, and enhances synergy between key stakeholders.

57. In 2010, UNCTAD prepared country profiles and a user guide for the UNCTAD Global Database on the Creative Economy. Demand-driven capacity-building continues to assist end-users from all countries to assess the trade performance of their creative products in the global market. The tool is used in policy design to shape concrete actions for nurturing the creative economy. UNCTAD supports developing countries in enhancing their creative productive capacities and the appropriate institutional, regulatory and financing mechanisms to facilitate the emergence of domestic markets for culture and creative goods, as well as services.

58. UNCTAD conducted research on the linkages between the creative economy and the green economy, capturing ongoing policy debates on how creativity and biodiversity can be a win-win solution for promoting sustainable development and economic recovery. In the context of the International Year of Biodiversity, celebrated in 2010, UNCTAD launched the "eco-chic" initiative to increase awareness within the international community of environmentally and socially sensitive practices in the use of biodiversity.

59. Through its Creative Economy Programme, UNCTAD assists developing countries to put in place concerted multidisciplinary policies and inter-ministerial actions involving the areas of culture, tourism, trade, labour, technology and enterprise development. Examples include national country studies, released in June 2011, for Mozambique and Zambia.

60. Concrete initiatives to optimize the contributions of culture and the creative industries for development include the "Creative Africa Initiative" launched in 2008. It showcases the richness of African cultures and the creative talent of Africans to promote inclusive development rooted in the creative economy. Subsequently, the Prime Minister of Nigeria created the Nigerian chapter of the initiative to support the Nigerian film industry. In Ghana, Mali and Senegal, the creative economy is now part of the national strategy for poverty reduction. In 2011, UNCTAD, in collaboration with the World Meteorological Organization, launched the "Puppet Planet Project" to encourage action that addresses climate challenges and environmental degradation while promoting sustainable development and the culture/creative economy in developing countries.

United Nations Institute for Training and Research

61. The United Nations Institute for Training and Research (UNITAR) series on the management and conservation of World Heritage seeks to optimize the impact of UNESCO conventions on natural and cultural heritage by focusing on related national policy formulation, best practices and case studies knowledge exchange. A values-based management approach, which makes the conservation of heritage meaningful, has been developed over the course of seven workshops. The series has also focused on the innovative role that natural and cultural heritage can play in

peacebuilding, using the example of Hiroshima by highlighting the resonance and relevance of its policies for other sites around the world.

United Nations Office for Project Services

62. The United Nations Office for Project Services (UNOPS) contributes to the promotion of culture for sustainable development through the restoration of cultural heritage and historic buildings, the improvement of access to local markets and historical sites, and the management of small grants to help local communities address environmental challenges. UNOPS capacity-building for the development of a dynamic cultural and creative sector includes projects in Argentina and Guatemala, where UNOPS supports the respective Governments through the provision of human resource management services and information and communications technology equipment, and assists in the conservation of historical buildings. To contribute to improved access to markets, products and services, including cultural goods and cultural tourism sites, UNOPS maintains and builds large road networks throughout Africa and Asia and provides demining services.

Joint United Nations Programme on HIV/AIDS

63. The Joint United Nations Programme on HIV/AIDS (UNAIDS) supports evidence and rights-based responses to HIV, in order to move towards zero new infections, zero discrimination and zero AIDS-related deaths. UNAIDS recognizes the central role of culture as a foundation of society, and seeks to maximize the positive contributions of cultural leaders towards responses that: (a) achieve public health goals through the implementation of evidence-supported approaches; (b) respect the dignity and rights of individuals, particularly with regard to non-discrimination, health, security of the person, privacy and freedom from violence; and (c) include pragmatic approaches that respond to peoples' behaviours and needs.

64. UNAIDS promotes inclusive dialogue in all aspects of the HIV response, acknowledging that the behaviours and known risk factors for HIV infection can be controversial and culturally sensitive.

Office of the United Nations High Commissioner for Refugees

65. The Office of the United Nations High Commissioner for Refugees (UNHCR) is deeply committed to ensuring that refugees, stateless and internally displaced persons and other persons of concern have equal access to their rights, protection, services and resources, and are able to participate as active partners in the decisions that affect them. To this end, UNHCR has committed to mainstreaming an age, gender and diversity approach in its operations worldwide. The diversity element of the approach refers to differences in values, attitudes, cultural perspectives, beliefs, ethnic background, nationality, sexual orientation, gender identity, ability, health, social status, skills and other specific personal characteristics. By analysing these dimensions as interlinked personal characteristics, UNHCR can better understand the multifaceted protection risks and capacities of individuals and communities, and address and support these more effectively. By promoting respect for difference as an enriching element of any community, UNHCR fosters full equality. National or ethnic, religious and linguistic minorities or indigenous groups often experience discrimination and marginalization, factors that are compounded in forced

displacement situations. UNHCR works to identify the risks, as well as the strategies to mitigate them.

United Nations Human Settlements Programme

66. The United Nations Human Settlements Programme (UN-Habitat) provides technical assistance and extensive guidance for policymakers and local leaders to assist in the development of public policies and participatory decision-making processes, with a view to contributing to the improvement of the living conditions of indigenous peoples in urban areas. In 2011, UN-Habitat produced a policy guide to secure land rights for indigenous peoples in cities, in partnership with the Global Land Tool Network. In 2010 and 2011, UN-Habitat focused on some of the specific challenges indigenous peoples are facing in cities, in particular with regards to health and the negative impacts of climate change on vulnerable urban settlements, but also to indigenous peoples' contributions to a sustainable urban development and a green economy.

United Nations Population Fund

67. The United Nations Population Fund (UNFPA) developed a "culture lens" in 2001 to integrate cultural dynamics into all its human rights-based programming on sexual and reproductive health, gender equality and population and development. Critical to this "lens", is a focus on young people as powerful enablers of the struggle against poverty and as the cultural and political drivers of development. UNFPA continues to support processes, at the national level, designed with and for youth constituencies, as part of its broader engagement for safe motherhood and family planning.

68. The Executive Director of UNFPA launched a campaign initiative, "7 Billion Actions", on World Population Day, 11 July 2011, targeting broad cultural agents of change, to work on building awareness and to magnify the opportunities and challenges of a world of seven billion people. UNFPA offices around the world are also working with faith-based non-governmental organizations and religious leaders as critical gatekeepers of culture, who form part of its Global Interfaith Network on Population and Development. The aim of the network, which has more than 500 members, is to encourage participation in national development plans and processes; build service capacities around family planning, safe motherhood, urbanization and immigration; and provide coordinated humanitarian relief efforts that take into account the specific reproductive health needs of girls and women.

69. UNFPA chairs the inter-agency task force on engaging faith-based organizations for the Millennium Development Goals. Under the aegis of that mechanism, UNFPA co-sponsors a strategic learning exchange for senior United Nations staff, based around the themes of faith, culture and development. The course is offered through the United Nations System Staff College in Turin, Italy, each year, and includes global faith-based non-governmental organizations as resources for the mutual policy and programmatic learning on culture and development.

United Nations Volunteers programme

70. The United Nations Volunteers programme (UNV), in collaboration with different partners, organized multiple activities in line with the resolution, including

workshops promoting cultural heritage and facilitating capacity-building for the cultural and creative industries. For instance, UNV, along with other United Nations entities, national partners and the local community, promoted Haitian art in all its forms to contribute to sustainable livelihoods, especially in the communities most devastated by the earthquake that struck Haiti in 2010. Moreover, UNDP and UNV are among several United Nations entities participating in a joint programme on creativity and cultural identity for local development, in Honduras.

V. Assessment of modalities for a United Nations conference on culture and development

71. The contributions of the United Nations entities summarized in this report showcase multiple and diverse programmes and different approaches to sustainable development. They demonstrate that culture-sensitive approaches underline mandates in areas as diverse as agriculture, food security, poverty alleviation, health, environmental sustainability, urbanization, refugee protection, migration, social cohesion, human rights and gender equality. Furthermore, the contributions entail technical assistance at both a policy and an operational level, with support focusing on: capacity-building (both for institutions and individuals); awareness-raising; mainstreaming culture in development policies and programmes; conserving and leveraging cultural heritage, including indigenous knowledge as an asset for development; generating knowledge though policy-oriented research; lessons learned through implementation; and data collection for monitoring and evaluating the impact of culture on development. Collaborative efforts building on the comparative advantages of the United Nations entities and community-oriented approaches are also recurring themes.

72. The current global efforts that address gaps in achieving sustainable development and mapping the way for future development goals and approaches, including the Fourth United Nations Conference on the Least Developed Countries, held in Istanbul, Turkey, in May 2011, the preparations for the United Nations Conference on Sustainable Development in 2012 and for a summit on the Millennium Development Goals in 2015, remain insufficiently informed by the impact of culture on development, including its contribution to the achievement of the internationally agreed development goals. While future opportunities exist for examining the potential contributions of culture to achieving sustainable development, such as the annual ministerial review at the substantive session of the Economic and Social Council of 2013, they afford rather limited potential and lack appropriate expertise, among other resources, to satisfactorily address the nexus between culture and the three pillars of development. There is a need for additional quantitative data and substantial debates on the linkages between culture and development.

73. Culture-sensitive approaches and practices are neither consolidated nor fully assessed within United Nations shared policies, practices and, most importantly, vision. Consensus-building and a better articulation of a shared vision and guidelines, together with an enhanced exchange of experiences, would ensure that United Nations entities more effectively respond to the increasing demand for assistance in this sector, and would contribute to the ongoing efforts to mainstream culture into the distinctive mandates of United Nations entities. Moreover, it would

facilitate further collaboration in joint programming exercises at the country level and inform the decisions of development actors.

74. A high-level culture and development conference would address the impact of culture on sustainable development, both in quantitative and qualitative terms, in order to better inform the development agenda towards achieving the Millennium Development Goals.

75. The year 2011 marks the thirteenth anniversary of the Stockholm Intergovernmental Conference on Culture Policies for Development, with its focus on "the power of culture". It provides a timely opportunity for the international community to build on the momentum, take stock and consider the appropriate manner in which to integrate the cultural dimension into the development agenda towards 2015 and beyond.

76. The proposed two-day conference could be organized in plenary sessions and round tables. Conference invitations would be extended to some 500 participants comprising of high-level Government representatives, heads of United Nations entities, representatives of development banks, non-governmental organizations, foundations, civil society and the private sector.

77. In response to the General Assembly's request, in its resolution 65/166, for a budget estimate for convening the proposed conference, it is expected that, should the conference be held at the United Nations Headquarters in New York, the minimum estimate would be 400,000 dollars, including the use of the venue, interpretation and translation services and security expenses, but excluding travel and accommodation of participants.

78. Alternatively, the conference could be hosted by a Member State.

VI. Conclusions

79. **General Assembly resolution 65/166 was instrumental in revitalizing the debate on the impact of culture on sustainable development, at a time when international development actors are assessing gaps in achieving development objectives in view of the upcoming United Nations Conference on Sustainable Development and a summit on the Millennium Development Goals in 2015.**

80. **The present report presents the first opportunity to take stock of actions by United Nations entities that integrate culture, showcasing the culture-sensitive approaches to development across the United Nations system and demonstrating the impact of the culture sector on development at large, and in particular, on the attainment of the Millennium Development Goals.**

81. **The resolution encouraged the compilation of data, facts, figures and best practices on the linkages between culture and development, in order to demonstrate the impact of culture on the social and economic well-being of peoples and societies, thus informing national and international development policies.**

82. **Furthermore, the resolution facilitated greater mainstreaming of culture into United Nations Development Assistance Frameworks and fostered international partnerships in the field of culture and development, such as the**

memorandum of understanding recently signed by UNESCO and the World Bank.

83. The following actions could build on the achievements of 2011 and reinforce implementation of General Assembly resolution 65/166:

(a) Support sustained efforts by all United Nations entities directed at enhancing understanding of the nexus between culture and sustainable development through the development of indicators, statistics and best practices to inform development policies. The Statistical Commission could be invited to address this subject and contribute to building a body of data on the relevance of investing in the culture sector;

(b) Encourage studies that document the qualitative impact of culture on the well-being of society and showcase the potential of human rights-based cultural approaches to foster sustainable peace. In this regard, UNDP, in its *Human Development Report*, could be encouraged to reflect on the qualitative impact of culture on human development and integrate culture-based data into the human development index;

(c) Pursue further efforts for the operationalization of the culture and development approach initiated under the projects funded by the Millennium Development Goals Achievement Fund, demonstrating the relevance of culture for the achievement of development goals, including the Millennium Development Goals;

(d) Invite UNESCO to consider organizing the proposed conference and to look for possible modalities, in close collaboration with all concerned United Nations entities, in order to enhance understanding of the quantitative and qualitative contributions of culture for inclusive, equitable and sustainable development. The conference could sustain the momentum generated by the General Assembly resolution on culture and development and provide an opportunity to formulate a consolidated approach to culture and development throughout the United Nations system, including through a substantial outcome document with new elements and commitments by the international community.